



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2010 REGULAR SESSION

HOUSE BILL NO. 393

CORRECTED NO. 2

THURSDAY, FEBRUARY 18, 2010

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE March 25, 2010
2:01pm

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adkins

AN ACT relating to reorganization.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 ➔Section 1. KRS 2.255 is amended to read as follows:

- 2 (1) The fourth week of March each year shall be "Commonwealth Cleanup" week,
3 culminating with a statewide cleanup day on the Saturday of that week. This week
4 shall provide an opportunity for Kentucky communities, in partnership with local,
5 regional, and state entities, to clean and display the natural beauty of the
6 Commonwealth.
- 7 (2) Local governments and private businesses shall be encouraged to participate in
8 "Commonwealth Cleanup" week through developing, organizing, and implementing
9 activities that highlight the natural beauty of their communities. They are
10 encouraged to work in partnership with civic and volunteer organizations as well as
11 corporate sponsors. Their goal shall be to consider the ways in which Kentucky's
12 beauty enriches their daily living and underpins their economic vitality. Examples
13 of "Commonwealth Cleanup" week activities include: encouraging local
14 communities to offer prizes for those groups who collect the most litter; asking boat
15 owners to volunteer their services to help remove litter from shorelines not easily
16 reached by land; and setting up locations for recyclables.
- 17 (3) The Kentucky National Guard is encouraged to support this effort by providing
18 logistical support across the Commonwealth to help clean up the sites too large for
19 volunteer groups.
- 20 (4) The **Energy and Environment**~~[Environmental and Public Protection]~~ Cabinet shall
21 promote "Commonwealth Cleanup" week by continuing to support those agencies
22 and organizations wanting to clean up the environment. The support shall include
23 providing technical assistance in assessing and understanding Kentucky's natural
24 ~~resources~~, coordinating contacts with other state and federal agencies that can assist
25 with a project as appropriate, guiding local organizers to possible sources of funding

1 to help implement a project as appropriate, overseeing a statewide campaign to
 2 publicize "Commonwealth Cleanup" week, and promoting those communities that
 3 have outstanding participation. This includes working in tandem with the Kentucky
 4 Department of Education to sponsor a statewide poster contest for children through
 5 the eighth grade.

6 (5) The month of March shall be designated as Environmental Education Month.
 7 During this time, state agencies involved in environmental education are
 8 encouraged to work with schools and communities to promote the environment and
 9 its preservation. Schools shall also be encouraged to sponsor cleanup or beautifying
 10 activities on their grounds during this month.

11 (6) The "Commonwealth Cleanup" week activities shall culminate with the Governor
 12 proclaiming the success of those communities, civic organizations, and corporate
 13 sponsors that excel in cleaning up where they live.

14 ➔Section 2. KRS 6.237 is amended to read as follows:

15 (1) The secretary of the Finance and Administration Cabinet, upon the recommendation
 16 of the director of the Legislative Research Commission shall procure from one (1)
 17 or more life insurance companies, and from one (1) or more hospitalization
 18 insurance companies, authorized to do business in this state, a policy or policies of
 19 group life insurance insuring the lives of all members of the General Assembly and
 20 shall procure a policy or policies of group hospitalization insurance covering all
 21 members of the General Assembly. The policy or policies shall be approved by the
 22 commissioner~~executive director~~ of the Department~~Office~~ of Insurance and may
 23 contain such provisions as he approves whether or not otherwise permitted by the
 24 insurance laws.

25 (2) (a) The premiums shall be paid by the state for individual policies for members of
 26 the General Assembly. The premiums for family policies shall be paid by
 27 funds contributed partly from the policyholder and partly from the state.

1 (b) No payment of premium by the state shall constitute compensation to an
 2 insured employee for the purposes of any statute fixing or limiting the
 3 compensation of such an employee; any premium or other expense incurred by
 4 the state shall be considered a proper cost of administration.

5 (3) The policy or policies may also provide accidental death and dismemberment
 6 insurance and may contain such provisions with respect to the amounts of insurance
 7 for members of the General Assembly, terms of eligibility, continuation of
 8 insurance after retirement, and such other provisions as the commissioner~~executive~~
 9 ~~director~~ of the Department~~Office~~ of Insurance may approve.

10 (4) The secretary of the Finance and Administration Cabinet is authorized to perform
 11 all acts necessary or advisable for the purpose of contracting for and maintaining
 12 insurance under the provisions of this section.

13 ➔Section 3. KRS 6.948 is amended to read as follows:

14 (1) For purposes of this section, "mandated health benefit" means any requirement that
 15 any health benefit plan, as defined in KRS 304.17A-005:

- 16 (a) Provide a specified benefit;
- 17 (b) Include a specified coverage;
- 18 (c) Pay, indemnify, or reimburse for a specified medical service; or
- 19 (d) Pay, indemnify, or reimburse specified health care providers for specific
 20 health care services.

21 (2) (a) On and after June 24, 2003, in the General Assembly, a sponsor of a bill or an
 22 amendment that contains a mandated health benefit shall cause a financial
 23 impact statement to be prepared and attached to the measure before final
 24 consideration by the standing committee to which the measure has been
 25 referred.

26 (b) A bill in the orders of the day in the House or the Senate which does not have
 27 attached a financial impact statement as required by this section shall be

retained in the orders of the day but passed over in the orders of the day until the financial impact statement is attached. Members may require, by a majority vote, that a financial impact statement be prepared on any bill and on any amendment in the orders of the day. Any member proposing an amendment from the floor which contains a mandated health benefit shall cause a financial impact statement to be prepared and attached to the amendment. Until the time a financial impact statement is prepared and attached to an amendment that contains a mandated health benefit, action on the proposed amendment shall not be in order.

(3) The financial impact statement shall be prepared by the Department~~{Office}~~ of Insurance as provided in subsection (6) of this section.

(4) The sponsor of a bill or amendment that contains a mandated health benefit shall request the Department~~{Office}~~ of Insurance, as soon as practicable, to prepare a financial impact statement. If the sponsor submits a request prior to filing the measure with the clerk of the House or Senate, the department~~{office}~~ shall keep the measure confidential until the sponsor authorizes public distribution. The department~~{office}~~ shall keep all financial impact statements and all requests for statements confidential until the person requesting the financial impact statement authorizes public distribution.

(5) A majority of the members present at a meeting of any standing committee of the General Assembly, acting through the committee chair, may request the commissioner~~{executive director}~~ of the Department~~{Office}~~ of Insurance to prepare a financial impact statement for any measure before the committee and submit the statement in accordance with subsection (6) of this section.

(6) (a) The financial impact statement shall be in writing and signed by the commissioner~~{executive director}~~ of the Department~~{Office}~~ of Insurance or the commissioner's~~{executive director's}~~ designee, and shall determine the

1 extent to which:

- 2 1. The mandated health benefit will increase or decrease the administrative
- 3 expenses of insurers;
- 4 2. The mandated health benefit will increase or decrease premiums; and
- 5 3. The mandated health benefit will impact the total cost of health care in
- 6 the Commonwealth, including any potential cost savings that may be
- 7 realized.

8 (b) 1. If the sponsor of a bill that contains a mandated health benefit submits
 9 the request for a financial impact statement prior to filing the bill, the
 10 financial impact statement shall be completed as soon as possible, but no
 11 later than thirty (30) days after the request by the sponsor, unless the
 12 sponsor and the commissioner~~[executive—director]~~ of the
 13 Department~~[Office]~~ of Insurance agree otherwise.

14 2. The financial impact statement shall be completed as soon as possible,
 15 but no later than thirty (30) days after the request by the sponsor of a
 16 measure before a standing committee under subsection (2) of this section
 17 or by the committee chair under subsection (5) of this section.

18 3. The financial impact statement shall be completed as soon as possible
 19 after the request by a majority vote of the House or Senate or by the
 20 sponsor of a floor amendment pursuant to subsection (2)(b) of this
 21 section.

22 ➔Section 4. KRS 11.065 is amended to read as follows:

- 23 (1) The secretaries of the Justice and Public Safety Cabinet, the Education and
 24 Workforce Development Cabinet, the ~~[Environmental and]~~Public Protection
 25 Cabinet, the Transportation Cabinet, the Cabinet for Economic Development, the
 26 Cabinet for Health and Family Services, the Finance and Administration Cabinet,
 27 the Energy and Environment Cabinet, the Labor Cabinet, the Tourism, Arts and

Heritage Cabinet, the Personnel Cabinet, the Governor's Executive Cabinet, the state budget director, the Governor's chief of staff, and the Lieutenant Governor shall constitute the Governor's Executive Cabinet. There shall be a vice chairman appointed by the Governor who shall serve in an advisory capacity to the Executive Cabinet. The Governor shall be the chairman, and the secretary of the Finance and Administration Cabinet shall be a second vice chairman of the Executive Cabinet. The Governor may designate others to serve as vice chairman.

(2) The cabinet shall meet not less than once every two (2) months and at other times on call of the Governor. The Executive Cabinet shall be a part of the Office of the Governor and shall not constitute a separate department or agency of the state. Members of the cabinet shall be the major assistants to the Governor in the administration of the state government and shall assist the Governor in the proper operation of his office and perform other duties the Governor may require of them.

(3) The cabinet shall consider matters involving policies and procedures the Governor or any member may place before it. The cabinet shall advise and consult with the Governor on all matters affecting the welfare of the state.

➔ Section 5. KRS 11.200 is amended to read as follows:

(1) There is created the Commission on Small Business Advocacy. The commission shall be a separate administrative body of state government within the meaning of KRS 12.010(8).

(2) It shall be the purpose of the Commission on Small Business Advocacy to:

- (a) Address matters of small business as it relates to government affairs;
- (b) Promote a cooperative and constructive relationship between state agencies and the small business community to ensure coordination and implementation of statewide strategies that benefit small business in the Commonwealth;
- (c) Coordinate and educate the small business community of federal, state, and local government initiatives of value and importance to the small business

- 1 community;
- 2 (d) Create a process by which the small business community is consulted in the
- 3 development of public policy as it affects their industry sector;
- 4 (e) Aid the small business community in navigating the regulatory process, when
- 5 that process becomes cumbersome, time consuming, and bewildering to the
- 6 small business community; and
- 7 (f) Advocate for the small business, as necessary when regulatory implementation
- 8 is overly burdensome, costly, and harmful to the success and growth of small
- 9 businesses in the Commonwealth.
- 10 (3) The Commission on Small Business Advocacy shall consist of thirty (30) members:
- 11 (a) The Governor, or the Governor's designee;
- 12 (b) The secretaries of the following cabinets, or their designees:
- 13 1. Economic Development;
- 14 2. Energy and Environment~~[Environmental and Public Protection]~~;
- 15 3. Finance and Administration; and
- 16 4. Transportation;
- 17 (c) The state director of the Small Business Development Centers in Kentucky;
- 18 (d) One (1) representative of each of the following organizations, appointed by
- 19 the Governor from a list of three (3) nominees submitted by the governing
- 20 bodies of each organization:
- 21 1. Associated Industries of Kentucky;
- 22 2. National Federation of Independent Business;
- 23 3. Kentucky Chamber of Commerce;
- 24 4. Kentucky Federation of Business and Professional Women's Club, Inc.;
- 25 5. Kentucky Retail Federation;
- 26 6. Professional Women's Forum;
- 27 7. Kentuckiana Minority Supplier Development Council;

- 1 8. Greater Lexington Chamber of Commerce;
- 2 9. Lexington chapter of the National Association of Women Business
- 3 Owners;
- 4 10. Greater Louisville, Inc.;
- 5 11. Louisville chapter of the National Association of Women Business
- 6 Owners;
- 7 12. Northern Kentucky Chamber of Commerce, Inc.;
- 8 13. Northern Kentucky - Greater Cincinnati chapter of the National
- 9 Association of Women Business Owners;
- 10 14. Kentucky Association of Realtors;
- 11 15. Henderson - Henderson County Chamber of Commerce;
- 12 16. Kentucky Farm Bureau Federation; and
- 13 17. Kentucky Homebuilders Association;
- 14 (e) One (1) representative from small business from each of the following areas,
- 15 appointed by the Governor:
- 16 1. A city of the second class;
- 17 2. A city of the third class;
- 18 3. A city of the fourth class; and
- 19 4. A city of the fifth class;
- 20 (f) One (1) representative who is a small business owner served by each of the
- 21 following organizations, appointed by the Governor:
- 22 1. The Center for Rural Development; and
- 23 2. Community Ventures Corporation; and
- 24 (g) One (1) representative who is a small business owner under the age of thirty-
- 25 five (35), appointed by the Governor.
- 26 (4) The terms of all members appointed by the Governor shall be for four (4) years,
- 27 except that the original appointments shall be staggered so that seven (7)

1 appointments shall expire at two (2) years, seven (7) appointments shall expire at
 2 three (3) years, and seven (7) appointments shall expire at four (4) years from the
 3 dates of initial appointment.

4 (5) The Governor shall appoint the chair and vice chair of the commission from the list
 5 of appointed members.

6 (6) The commission shall meet quarterly and at other times upon call of the chair or a
 7 majority of the commission.

8 (7) A quorum shall be a majority of the membership of the commission.

9 (8) Members of the commission shall serve without compensation but shall be
 10 reimbursed for their necessary travel expenses actually incurred in the discharge of
 11 their duties on the commission, subject to Finance and Administration Cabinet
 12 administrative regulations.

13 (9) The commissioner of the Department for Existing Business Development shall be
 14 the administrative head and chief executive officer of the commission. The
 15 secretary of the Cabinet for Economic Development shall have authority to hire
 16 staff, contract for services, expend funds, and operate the normal business activities
 17 of the commission.

18 (10) The Commission on Small Business Advocacy shall be an independent agency
 19 attached to the Department for Existing Business Development.

20 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 12 IS CREATED TO
 21 READ AS FOLLOWS:

22 (1) There is established within the Public Protection Cabinet a Department of
 23 Financial Institutions, a Department of Insurance, a Department of Housing,
 24 Buildings and Construction, a Department of Charitable Gaming, and a
 25 Department of Alcoholic Beverage Control. Each department shall be headed by
 26 a commissioner appointed by the Governor as required by KRS 12.040 and,
 27 where appropriate, by KRS 238.510, 241.015, and 304.2-020. Commissioners

shall be directly responsible to the secretary and shall perform the functions, powers, and duties provided by law and prescribed by the secretary.

(2) There is established within the Public Protection Cabinet an Office of Occupations and Professions, which shall be headed by an executive director appointed by the secretary with the approval of the Governor as required by KRS 12.050. The executive director shall be directly responsible to the secretary and shall perform the functions, powers, and duties provided by law and prescribed by the secretary.

(3) The secretary of the Public Protection Cabinet shall be appointed by the Governor in accordance with KRS 12.255. The Office of the Secretary shall contain the following entities:

(a) The Office of Communications and Public Outreach, which shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050; and

(b) The Office of Legal Services, which shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210.

(4) The following agencies are attached to the Public Protection Cabinet for administrative purposes only, except as provided in KRS 131.330:

(a) Crime Victims Compensation Board;

(b) Board of Claims;

(c) Kentucky Board of Tax Appeals;

(d) Kentucky Boxing and Wrestling Authority; and

(e) Kentucky Horse Racing Commission.

→ Section 7. KRS 12.020 is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended

1 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
 2 bureau, interstate compact, commission, committee, conference, council, office, or any
 3 other form of organization shall be included in or attached to the department or program
 4 cabinet in which they are included or to which they are attached by statute or statutorily
 5 authorized executive order; except in the case of the Personnel Board and where the
 6 attached department or administrative body is headed by a constitutionally elected officer,
 7 the attachment shall be solely for the purpose of dissemination of information and
 8 coordination of activities and shall not include any authority over the functions,
 9 personnel, funds, equipment, facilities, or records of the department or administrative
 10 body.

11 I. Cabinet for General Government - Departments headed by elected officers:

- 12 1. The Governor.
- 13 2. Lieutenant Governor.
- 14 3. Department of State.
 - 15 (a) Secretary of State.
 - 16 (b) Board of Elections.
 - 17 (c) Registry of Election Finance.
- 18 4. Department of Law.
 - 19 (a) Attorney General.
- 20 5. Department of the Treasury.
 - 21 (a) Treasurer.
- 22 6. Department of Agriculture.
 - 23 (a) Commissioner of Agriculture.
 - 24 (b) Kentucky Council on Agriculture.
- 25 7. Auditor of Public Accounts.

26 II. Program cabinets headed by appointed officers:

- 27 1. Justice and Public Safety Cabinet:

- 1 (a) Department of Kentucky State Police.
- 2 (b) Department of Criminal Justice Training.
- 3 (c) Department of Corrections.
- 4 (d) Department of Juvenile Justice.
- 5 (e) Office of the Secretary.
- 6 (f) Office of Drug Control Policy.
- 7 (g) Office of Legal Services.
- 8 (h) Office of the Kentucky State Medical Examiner.
- 9 (i) Parole Board.
- 10 (j) Kentucky State Corrections Commission.
- 11 (k) Office of Legislative and Intergovernmental Services.
- 12 (l) Office of Management and Administrative Services.
- 13 (m) Office of Investigations.
- 14 (n) Department for Public Advocacy.
- 15 2. Education and Workforce Development Cabinet:
- 16 (a) Office of the Secretary.
- 17 (b) Office of Legal and Legislative Services.
- 18 1. Client Assistance Program.
- 19 (c) Office of Communication.
- 20 (d) Office of Budget and Administration.
- 21 1. Division of Human Resources.
- 22 2. Division of Administrative Services.
- 23 3. Division of Technology Services.
- 24 (e) Office of Educational Programs.
- 25 (f) Board of Directors for the Center for School Safety.
- 26 (g) Council on Postsecondary Education.
- 27 1. Foundation for Adult Education.

- 1 (h) Department of Education.
- 2 1. Kentucky Board of Education.
- 3 (i) Department for Libraries and Archives.
- 4 (j) Department of Workforce Investment.
- 5 1. Office for the Blind.
- 6 2. Office of Vocational Rehabilitation.
- 7 3. Office of Career and Technical Education.
- 8 4. Office of Employment and Training.
- 9 (k) Foundation for Workforce Development.
- 10 (l) Kentucky Office for the Blind State Rehabilitation Council.
- 11 (m) Kentucky Technical Education Personnel Board.
- 12 (n) Kentucky Workforce Investment Board.
- 13 (o) Statewide Council for Vocational Rehabilitation.
- 14 (p) Statewide Independent Living Council.
- 15 (q) Unemployment Insurance Commission.
- 16 (r) Education Professional Standards Board.
- 17 1. Division of Educator Preparation.
- 18 2. Division of Certification.
- 19 3. Division of Professional Learning and Assessment.
- 20 4. Division of Legal Services.
- 21 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 22 (t) Kentucky Educational Television.
- 23 (u) Kentucky Environmental Education Council.
- 24 3. **Energy and Environment**~~[Environmental and Public Protection]~~ Cabinet:
- 25 (a) Office of the Secretary.
- 26 1. Office of Legislative and Intergovernmental Affairs.
- 27 2. Office of **General Counsel**~~[Communications and Public~~

1 Outreach}.

2 a. Environmental Protection Legal Division.

3 3. ~~{Office of Regulatory Affairs.~~

4 4. ~~—Office of Legal Services.~~

5 5. ~~—Office of Administrative and Information Services.~~

6 6. ~~—}Office of Administrative Hearings.~~

7 ~~{7. —Office of Inspector General.}~~

8 4[8]. Mine Safety Review Commission.

9 ~~{9. —Workers' Compensation Board.}~~

10 5[10]. Kentucky State Nature Preserves Commission.

11 6[11]. Kentucky Environmental Quality Commission.

12 7[12]. Kentucky Public Service~~{Occupational Safety and Health~~
13 Review} Commission.

14 (b) Department for Environmental Protection.

15 1. Office of the Commissioner.

16 2. Division for~~of~~ Air Quality.

17 3. Division of Water.

18 4. Division of Environmental Program Support~~{Services}~~.

19 5. Division of Waste Management.

20 6. Division of Enforcement.

21 7. Division of Compliance Assistance.

22 (c) Department for Natural Resources.

23 1. Office of the Commissioner.

24 2. Division~~{Office}~~ of Technical and Administrative Support.

25 3. Division of Mine Permits.

26 4. Division of Mine Reclamation and Enforcement.

27 5. Division of Abandoned Mine Lands.

6. Division of Oil and Gas~~[Conservation]~~.

7. Office of Mine Safety and Licensing.

8. Division of Forestry.

9. Division of Conservation.

(d) Department for Energy Development and Independence.

1. Division of Efficiency and Conservation.

2. Division of Renewable Energy.

3. Division of Biofuels.

4. Division of Energy Generation Transmission and Distribution.

5. Division of Carbon Management.

6. Division of Fossil Energy Development.

4.[(d)] ~~[Department of]~~Public Protection **Cabinet.**

(a)[1.] Office of the **Secretary**~~[Commissioner]~~.

1. Office of Communications and Public Outreach.

2. Office of Legal Services.

a. Insurance Legal Division.

b. Charitable Gaming Legal Division.

c. Alcoholic Beverage Control Legal Division.

d. Housing, Buildings and Construction Legal Division.

e. Financial Institutions Legal Division.

~~[2. Division of Administrative Services.]~~

(b)[3.] Crime Victims Compensation Board.

(c)[4.] Board of Claims.

(d)[5.] **Kentucky** Board of Tax Appeals.

(e)[6.] Kentucky Boxing and Wrestling Authority.

(f)[7.] Kentucky Horse Racing **Commission**~~[Authority]~~.

1. Division of Licensing.

1 2. Division of Incentives and Development.

2 3. Division of Veterinary Services.

3 4. Division of Security and Enforcement.

4 ~~[8. Kentucky Public Service Commission.]~~

5 ~~(g)[9.]~~ Department[Office] of Alcoholic Beverage Control.

6 1. Division of Distilled Spirits.

7 2. Division of Malt Beverages.

8 3. Division of Enforcement.

9 ~~(h)[10.]~~ Department[Office] of Charitable Gaming.

10 1. Division of Licensing and Compliance.

11 2. Division of Enforcement.

12 ~~(i)[11.]~~ Department[Office] of Financial Institutions.

13 1. Division of Depository Institutions.

14 2. Division of Non-Depository Institutions.

15 3. Division of Securities.

16 ~~(j)[12.]~~ Department[Office] of Housing, Buildings and Construction.

17 1. Division of Fire Prevention.

18 2. Division of Plumbing.

19 3. Division of Heating, Ventilation, and Air Conditioning.

20 4. Division of Building Code Enforcement.

21 ~~(k)[13.]~~ Department[Office] of Insurance.

22 1. Property and Casualty Division.

23 2. Health and Life Division.

24 3. Division of Financial Standards and Examination.

25 4. Division of Agent Licensing.

26 5. Division of Insurance Fraud Investigation.

27 6. Consumer Protection Division.

1 7. Division of Kentucky Access.

2 (l) Office of Occupations and Professions.

3 5.[(e)] ~~Department of~~ Labor Cabinet.

4 (a)[1.] Office of the Secretary~~Commissioner~~.

5 1. Division of Management Services.

6 2. Office of General Counsel~~Occupational Safety and Health~~.

7 (b)[3.] Office of General Administration and Program Support for
 8 Shared Services~~Labor Management Relations and Mediation~~.

9 1. Division of Human Resource Management.

10 2. Division of Fiscal Management.

11 3. Division of Budgets.

12 4. Division of Information Services.

13 (c) Office of Inspector General for Shared Services.

14 (d)[4.] Department~~Office~~ of Workplace Standards.

15 1. Division of Employment Standards, Apprenticeship, and
 16 Mediation.

17 2. Division of Occupational Safety and Health Compliance.

18 3. Division of Occupational Safety and Health Education and
 19 Training.

20 4. Division of Workers' Compensation Funds.

21 (e)[5.] Department~~Office~~ of Workers' Claims.

22 1. Office of General Counsel for Workers' Claims.

23 2. Office of Administrative Law Judges.

24 3. Division of Claims Processing.

25 4. Division of Security and Compliance.

26 5. Division of Information and Research.

27 6. Division of Ombudsman and Workers' Compensation Specialist

Services.

7. Workers' Compensation Board.

8. Workers' Compensation Advisory Council.

9. Workers' Compensation Nominating Commission.

~~(f)~~[6.] Workers' Compensation Funding Commission.

~~(g)~~[7.] Kentucky Labor-Management Advisory Council.

~~(h)~~[8.] Occupational Safety and Health Standards Board.

~~(i)~~[9.] Prevailing Wage Review Board.

~~[10. Kentucky Employees Insurance Association.]~~

~~(j)~~[11.] Apprenticeship and Training Council.

~~(k)~~[12.] State Labor Relations Board.

~~[13. Workers' Compensation Advisory Council.]~~

~~14. Workers' Compensation Nominating Commission.]~~

~~(l)~~[15.] Employers' Mutual Insurance Authority.

(m) Kentucky Occupational Safety and Health Review Commission.

~~[16. Division of Administrative Services.]~~

6[4]. Transportation Cabinet:

(a) Department of Highways.

1. Office of Project Development.

2. Office of Project Delivery and Preservation.

3. Office of Highway Safety.

4. Highway District Offices One through Twelve.

(b) Department of Vehicle Regulation.

(c) Department of Aviation.

(d) Department of Rural and Municipal Aid.

1. Office of Local Programs.

2. Office of Rural and Secondary Roads.

- 1 (e) Office of the Secretary.
- 2 1. Office of Public Affairs.
- 3 2. Office for Civil Rights and Small Business Development.
- 4 3. Office of Budget and Fiscal Management.
- 5 4. Office of Inspector General.
- 6 (f) Office of Support Services.
- 7 (g) Office of Transportation Delivery.
- 8 (h) Office of Audits.
- 9 (i) Office of Human Resource Management.
- 10 (j) Office of Information Technology.
- 11 (k) Office of Legal Services.
- 12 ~~7[5]~~. Cabinet for Economic Development:
- 13 (a) Office of Administration and Support.
- 14 (b) Department for New Business Development.
- 15 (c) Department of Financial Incentives.
- 16 (d) Department for Existing Business Development.
- 17 (e) Tobacco Research Board.
- 18 (f) Kentucky Economic Development Finance Authority.
- 19 (g) Office of Research and Information Technology.
- 20 (h) Department of Commercialization and Innovation.
- 21 (i) Office of Legal Services.
- 22 (j) Commission on Small Business Advocacy.
- 23 ~~8[6]~~. Cabinet for Health and Family Services:
- 24 (a) Department for Public Health.
- 25 (b) Department for Medicaid Services.
- 26 (c) Department for Mental Health and Mental Retardation Services.
- 27 (d) Kentucky Commission for Children with Special Health Care Needs.

- 1 (e) Office of Health Policy.
- 2 (f) Office of the Secretary.
- 3 (g) Office of Legal Services.
- 4 (h) Office of Inspector General.
- 5 (i) Office of Legislative and Public Affairs.
- 6 (j) Department for Community Based Services.
- 7 (k) Department for Disability Determination Services.
- 8 (l) Office of the Ombudsman.
- 9 (m) Department for Human Support Services.
- 10 (n) Kentucky Commission on Community Volunteerism and Service.
- 11 (o) Office of Fiscal Services.
- 12 (p) Office of Human Resource Management.
- 13 (q) Office of Technology.
- 14 (r) Office of Contract Oversight.
- 15 (s) Governor's Office of Wellness and Physical Activity.
- 16 (t) Department for Aging and Independent Living.
- 17 2[7]. Finance and Administration Cabinet:
- 18 (a) Office of General Counsel.
- 19 (b) Office of the Controller.
- 20 (c) Office of Administrative Services.
- 21 (d) Office of Public Information.
- 22 (e) Office of Policy and Audit.
- 23 (f) Department for Facilities and Support Services.
- 24 (g) Department of Revenue.
- 25 (h) Commonwealth Office of Technology.
- 26 (i) State Property and Buildings Commission.
- 27 (j) Office of Equal Employment Opportunity and Contract Compliance.

- 1 (k) Kentucky Employees Retirement Systems.
- 2 (l) Commonwealth Credit Union.
- 3 (m) State Investment Commission.
- 4 (n) Kentucky Housing Corporation.
- 5 (o) Kentucky Local Correctional Facilities Construction Authority.
- 6 (p) Kentucky Turnpike Authority.
- 7 (q) Historic Properties Advisory Commission.
- 8 (r) Kentucky Tobacco Settlement Trust Corporation.
- 9 (s) Kentucky Higher Education Assistance Authority.
- 10 (t) Kentucky River Authority.
- 11 (u) Kentucky Teachers' Retirement System Board of Trustees.
- 12 (v) Executive Branch Ethics Commission.
- 13 10[8]. Tourism, Arts and Heritage Cabinet:
- 14 (a) Kentucky Department of Travel.
- 15 (1) Division of Tourism Services.
- 16 (2) Division of Marketing and Administration.
- 17 (3) Division of Communications and Promotions.
- 18 (b) Kentucky Department of Parks.
- 19 (1) Division of Information Technology.
- 20 (2) Division of Human Resources.
- 21 (3) Division of Financial Operations.
- 22 (4) Division of Facilities Management.
- 23 (5) Division of Facilities Maintenance.
- 24 (6) Division of Customer Services.
- 25 (7) Division of Recreation.
- 26 (8) Division of Golf Courses.
- 27 (9) Division of Food Services.

- 1 (10) Division of Rangers.
- 2 (11) Division of Resort Parks.
- 3 (12) Division of Recreational Parks and Historic Sites.
- 4 (c) Department of Fish and Wildlife Resources.
- 5 (1) Division of Law Enforcement.
- 6 (2) Division of Administrative Services.
- 7 (3) Division of Engineering.
- 8 (4) Division of Fisheries.
- 9 (5) Division of Information and Education.
- 10 (6) Division of Wildlife.
- 11 (7) Division of Public Affairs.
- 12 (d) Kentucky Horse Park.
- 13 (1) Division of Support Services.
- 14 (2) Division of Buildings and Grounds.
- 15 (3) Division of Operational Services.
- 16 (e) Kentucky State Fair Board.
- 17 (1) Office of Administrative and Information Technology Services.
- 18 (2) Office of Human Resources and Access Control.
- 19 (3) Division of Expositions.
- 20 (4) Division of Kentucky Exposition Center Operations.
- 21 (5) Division of Kentucky International Convention Center.
- 22 (6) Division of Public Relations and Media.
- 23 (7) Division of Venue Services.
- 24 (8) Division of Personnel Management and Staff Development.
- 25 (9) Division of Sales.
- 26 (10) Division of Security and Traffic Control.
- 27 (11) Division of Information Technology.

- 1 (12) Division of the Louisville Arena.
- 2 (13) Division of Fiscal and Contract Management.
- 3 (14) Division of Access Control.
- 4 (f) Office of the Secretary.
- 5 (1) Office of Finance.
- 6 (2) Office of Research and Administration.
- 7 (3) Office of Governmental Relations and Tourism Development.
- 8 (4) Office of the Sports Authority.
- 9 (5) Kentucky Sports Authority.
- 10 (g) Office of Legal Affairs.
- 11 (h) Office of Human Resources.
- 12 (i) Office of Public Affairs and Constituent Services.
- 13 (j) Office of Creative Services.
- 14 (k) Office of Capital Plaza Operations.
- 15 (l) Office of Arts and Cultural Heritage.
- 16 (m) Kentucky African-American Heritage Commission.
- 17 (n) Kentucky Foundation for the Arts.
- 18 (o) Kentucky Humanities Council.
- 19 (p) Kentucky Heritage Council.
- 20 (q) Kentucky Arts Council.
- 21 (r) Kentucky Historical Society.
- 22 (1) Division of Museums.
- 23 (2) Division of Oral History and Educational Outreach.
- 24 (3) Division of Research and Publications.
- 25 (4) Division of Administration.
- 26 (s) Kentucky Center for the Arts.
- 27 (1) Division of Governor's School for the Arts.

- 1 (t) Kentucky Artisans Center at Berea.
- 2 (u) Northern Kentucky Convention Center.
- 3 (v) Eastern Kentucky Exposition Center.
- 4 II[9]. Personnel Cabinet:
- 5 (a) Office of the Secretary.
- 6 (b) Department for Personnel Administration.
- 7 (c) Office for Employee Relations.
- 8 (d) Kentucky Public Employees Deferred Compensation Authority.
- 9 (e) Office of Administrative Services.
- 10 (f) Office of Legal Services.
- 11 (g) Office of Government Training.
- 12 (h) Department for Employee Insurance.

13 III. Other departments headed by appointed officers:

- 14 1. Department of Military Affairs.
- 15 2. Governor's Office for Local Development.
- 16 3. Kentucky Commission on Human Rights.
- 17 4. Kentucky Commission on Women.
- 18 5. Department of Veterans' Affairs.
- 19 6. Kentucky Commission on Military Affairs.
- 20 7. Office of Minority Empowerment.
- 21 8. Governor's Council on Wellness and Physical Activity.

22 ➔Section 8. KRS 12.023 is amended to read as follows:

23 The following organizational units and administrative bodies shall be attached to the
24 Office of the Governor:

- 25 (1) Department of Military Affairs;
- 26 (2) Governor's Office for Local Development;
- 27 (3) Kentucky Commission on Human Rights;

- 1 (4) Kentucky Commission on Women;
- 2 (5) Kentucky Commission on Military Affairs;
- 3 (6) Governor's Scholars Program;
- 4 (7) Agricultural Development Board;
- 5 (8) Kentucky Agricultural Finance Corporation;
- 6 (9) Office of Minority Empowerment;
- 7 (a) The Martin Luther King Commission;
- 8 (10) Office of Homeland Security; **and**
- 9 (11) Governor's Council on Wellness and Physical Activity~~;~~ **and**
- 10 ~~(12) The Governor's Office of Energy Policy~~.

11 ➔Section 9. KRS 12.250 is amended to read as follows:

12 There are established within state government the following program cabinets:

- 13 (1) Justice and Public Safety Cabinet.
- 14 (2) Education and Workforce Development Cabinet.
- 15 (3) ~~{Environmental and }~~Public Protection Cabinet.
- 16 (4) Transportation Cabinet.
- 17 (5) Cabinet for Economic Development.
- 18 (6) Cabinet for Health and Family Services.
- 19 (7) Finance and Administration Cabinet.
- 20 (8) Tourism, Arts and Heritage Cabinet.
- 21 (9) Personnel Cabinet.
- 22 **(10) Energy and Environment Cabinet.**
- 23 **(11) Labor Cabinet.**

24 ➔Section 10. KRS 12.260 is amended to read as follows:

- 25 **(1)** There is hereby established in the Office of the Secretary **of the**~~for Environmental~~
- 26 ~~and~~ Public Protection **Cabinet** a deputy secretary, appointed by the secretary
- 27 pursuant to KRS 12.050, who shall be responsible for and engaged in operations of

the cabinet and any other duties as assigned by the secretary, and in the absence of the secretary, have authority over cabinet affairs.

(2) There is hereby established in the Office of the Secretary of the Energy and Environment Cabinet a deputy secretary, appointed by the secretary pursuant to KRS 12.050, who shall be responsible for and engaged in operations of the cabinet and any other duties as assigned by the secretary, and in the absence of the secretary, have authority over cabinet affairs.

(3) There is hereby established in the Office of the Secretary of the Labor Cabinet a deputy secretary, appointed by the secretary pursuant to KRS 12.050, who shall be responsible for and engaged in operations of the cabinet and any other duties as assigned by the secretary, and in the absence of the secretary, have authority over cabinet affairs.

➔ Section 11. KRS 12.515 is amended to read as follows:

(1) The following agencies shall designate a liaison to the Office for Faith-Based and Community Nonprofit Social Services:

- (a) The Cabinet for Health and Family Services;
- (b) The Department of Workforce Investment;
- (c) The Education and Workforce Development Cabinet;
- (d) The Department of Agriculture;
- (e) The Kentucky Housing Corporation;
- (f) The ~~Labor~~~~[Environmental and Public Protection]~~ Cabinet; and
- (g) The Economic Development Cabinet.

(2) Each agency identified in subsection (1) of this section shall, in cooperation and coordination with the Office for Faith-Based and Community Nonprofit Social Services:

- (a) Review and evaluate existing policies that affect government funding opportunities for faith-based and nonprofit community organizations and

1 report to the office, within ninety (90) days of June 20, 2005, actions
2 necessary to implement KRS 12.510; and

- 3 (b) Amend existing policies and administrative regulations or implement new
4 policies or administrative regulations in accordance with KRS Chapter 13A
5 consistent with the principles established in KRS 12.500 to 12.520.

6 ➔Section 12. KRS 13B.020 is amended to read as follows:

- 7 (1) The provisions of this chapter shall apply to all administrative hearings conducted
8 by an agency, with the exception of those specifically exempted under this section.

9 The provisions of this chapter shall supersede any other provisions of the Kentucky
10 Revised Statutes and administrative regulations, unless exempted under this section,
11 to the extent these other provisions are duplicative or in conflict. This chapter
12 creates only procedural rights and shall not be construed to confer upon any person
13 a right to hearing not expressly provided by law.

- 14 (2) The provisions of this chapter shall not apply to:

15 (a) Investigations, hearings to determine probable cause, or any other type of
16 information gathering or fact finding activities;

17 (b) Public hearings required in KRS Chapter 13A for the promulgation of
18 administrative regulations;

19 (c) Any other public hearing conducted by an administrative agency which is
20 nonadjudicatory in nature and the primary purpose of which is to seek public
21 input on public policy making;

22 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter
23 35;

24 (e) Administrative hearings conducted by the legislative and judicial branches of
25 state government;

26 (f) Administrative hearings conducted by any city, county, urban-county, charter
27 county, or special district contained in KRS Chapters 65 to 109, or any other

- 1 unit of local government operating strictly in a local jurisdictional capacity;
- 2 (g) Informal hearings which are part of a multilevel hearing process that affords
- 3 an administrative hearing at some point in the hearing process if the
- 4 procedures for informal hearings are approved and promulgated in accordance
- 5 with subsections (4) and (5) of this section;
- 6 (h) Limited exemptions granted for specific hearing provisions and denoted by
- 7 reference in the text of the applicable statutes or administrative regulations;
- 8 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
- 9 (j) Administrative hearings exempted, in whole or in part, pursuant to
- 10 subsections (4) and (5) of this section; and
- 11 (k) Any administrative hearing which was commenced but not completed prior to
- 12 July 15, 1996.
- 13 (3) The following administrative hearings are exempt from application of this chapter
- 14 in compliance with 1994 Ky. Acts ch. 382, sec. 19:
- 15 (a) Finance and Administration Cabinet
- 16 1. Higher Education Assistance Authority
- 17 a. Wage garnishment hearings conducted under authority of 20
- 18 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410
- 19 b. Offset hearings conducted under authority of 31 U.S.C. sec. 3720A
- 20 and sec. 3716, and 34 C.F.R. sec. 30.33
- 21 2. Department of Revenue
- 22 a. Any licensing and bond revocation hearings conducted under the
- 23 authority of KRS 138.210 to 138.448 and 234.310 to 234.440
- 24 b. Any license revocation hearings under KRS 131.630 and 138.130
- 25 to 138.205
- 26 (b) Cabinet for Health and Family Services
- 27 1. Office of Health Policy

- 1 a. Certificate-of-need hearings and licensure conducted under
- 2 authority of KRS Chapter 216B
- 3 b. Licensure revocation hearings conducted under authority of KRS
- 4 Chapter 216B
- 5 2. Department for Community Based Services
- 6 a. Supervised placement revocation hearings conducted under
- 7 authority of KRS Chapter 630
- 8 3. Department for Disability Determination Services
- 9 a. Disability determination hearings conducted under authority of 20
- 10 C.F.R. sec. 404
- 11 (c) Justice and Public Safety Cabinet
- 12 1. Department of Kentucky State Police
- 13 a. Kentucky State Police Trial Board disciplinary hearings conducted
- 14 under authority of KRS Chapter 16
- 15 2. Department of Corrections
- 16 a. Parole Board hearings conducted under authority of KRS Chapter
- 17 439
- 18 b. Prison adjustment committee hearings conducted under authority
- 19 of KRS Chapter 197
- 20 c. Prison grievance committee hearings conducted under authority of
- 21 KRS Chapters 196 and 197
- 22 3. Department of Juvenile Justice
- 23 a. Supervised placement revocation hearings conducted under KRS
- 24 Chapter 635
- 25 (d) Energy and Environment~~[Environmental and Public Protection]~~ Cabinet
- 26 1. Department for Natural Resources
- 27 a. Surface mining hearings conducted under authority of KRS

Chapter 350

2. Department for Environmental Protection

- a. Wild River hearings conducted under authority of KRS Chapter 146
- b. Water resources hearings conducted under authority of KRS Chapter 151
- c. Water plant operator and water well driller hearings conducted under authority of KRS Chapter 223
- d. Environmental protection hearings conducted under authority of KRS Chapter 224
- e. Petroleum Storage Tank Environmental Assurance Fund hearings under authority of KRS Chapter 224

3. Public Service Commission

- a. Utility hearings conducted under authority of KRS Chapters 74, 278, and 279

(e) Labor Cabinet

1. Department~~[Office]~~ of Workers' Claims

- a. Workers' compensation hearings conducted under authority of KRS Chapter 342

2[4]. Kentucky Occupational Safety and Health Review Commission

- a. Occupational safety and health hearings conducted under authority of KRS Chapter 338

~~1[5.]~~ [Department of] Public Protection Cabinet

1[a]. Board of Claims

- a[i]. Liability hearings conducted under authority of KRS Chapter 44

~~[b. Public Service Commission~~

- ~~i. Utility hearings conducted under authority of KRS Chapters~~

~~74, 278, and 279]~~

(g)(e) Education and Workforce Development Cabinet

1. Unemployment Insurance hearings conducted under authority of KRS Chapter 341

(h)~~(f)~~ Secretary of State

1. Registry of Election Finance

a. Campaign finance hearings conducted under authority of KRS Chapter 121

(i)[(g)] State universities and colleges

1. Student suspension and expulsion hearings conducted under authority of KRS Chapter 164

2. University presidents and faculty removal hearings conducted under authority of KRS Chapter 164

3. Campus residency hearings conducted under authority of KRS Chapter

164

4. Family Education Rights to Privacy Act hearings conducted under authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99

5. Federal Health Care Quality Improvement Act of 1986 hearings conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS Chapter 311.

(4) Any administrative hearing, or portion thereof, may be certified as exempt by the Attorney General based on the following criteria:

(a) The provisions of this chapter conflict with any provision of federal law or regulation with which the agency must comply, or with any federal law or regulation with which the agency must comply to permit the agency or persons within the Commonwealth to receive federal tax benefits or federal funds or other benefits;

1 (b) Conformity with the requirement of this chapter from which exemption is
 2 sought would be so unreasonable or so impractical as to deny due process
 3 because of undue delay in the conduct of administrative hearings; or

4 (c) The hearing procedures represent informal proceedings which are the
 5 preliminary stages or the review stages of a multilevel hearing process, if the
 6 provisions of this chapter or the provisions of a substantially equivalent
 7 hearing procedure exempted under subsection (3) of this section are applied at
 8 some level within the multilevel process.

9 (5) The Attorney General shall not exempt an agency from any requirement of this
 10 chapter until the agency establishes alternative procedures by administrative
 11 regulation which, insofar as practical, shall be consistent with the intent and purpose
 12 of this chapter. When regulations for alternative procedures are submitted to the
 13 Administrative Regulation Review Subcommittee, they shall be accompanied by the
 14 request for exemption and the approval of exemption from the Attorney General.
 15 The decision of the Attorney General, whether affirmative or negative, shall be
 16 subject to judicial review in the Franklin Circuit Court within thirty (30) days of the
 17 date of issuance. The court shall not overturn a decision of the Attorney General
 18 unless the decision was arbitrary or capricious or contrary to law.

19 (6) Except to the extent precluded by another provision of law, a person may waive any
 20 procedural right conferred upon that person by this chapter.

21 ➔Section 13. KRS 15.113 is amended to read as follows:

22 (1) The Financial Integrity Enforcement Division is created in the Department of Law.
 23 The division shall:

24 (a) Investigate illegal redemption of food stamp benefits in cooperation with the
 25 United States Department of Agriculture and the Cabinet for Health and
 26 Family Services;

27 (b) Verify eligibility of food stamp program applicants as to past criminal history;

- 1 (c) Investigate the illegal distribution of counterfeit merchandise; and
- 2 (d) Investigate the use of personal identification and financial information by
- 3 persons for the purpose of theft, or fraud, or both theft and fraud, and other
- 4 illegal or fraudulent activity which may involve electronic commerce.

5 (2) The Office of the Attorney General shall coordinate with the Department~~[Office]~~ of
 6 Financial Institutions, the United States Secret Service, the Federal Trade
 7 Commission, the Kentucky Bankers' Association, and any other agency or
 8 organization to prepare and disseminate information to prevent identity theft.

9 ➔Section 14. KRS 15.255 is amended to read as follows:

- 10 (1) The Department of Law shall have the following powers, duties and functions:
- 11 (a) To prevent or remedy damage to the environment caused by any person,
 - 12 group, partnership, association, body corporate or politic, or any agency,
 - 13 department, board, commission, division, or authority, whether state or
 - 14 federal, or by commencing or intervening in any suit or action in state or
 - 15 federal courts, whether civil or criminal, to enforce any statute, ordinance,
 - 16 bylaw, or regulation, or to secure any common-law right or remedy;
 - 17 (b) To counsel state agencies and commissions given the responsibility over
 - 18 environmental concerns including but not limited to the Energy and
 - 19 Environment~~[Environmental and Public Protection]~~ Cabinet and the Public
 - 20 Service Commission;
 - 21 (c) To exercise the common-law powers of the Attorney General in protecting the
 - 22 environment;
 - 23 (d) To bring public nuisance and other actions in Circuit Courts in the name of
 - 24 the Commonwealth upon complaint by private citizens, when in the opinion
 - 25 of the Attorney General the activity or activities complained of may have a
 - 26 substantial impact upon the environment of the Commonwealth; and
 - 27 (e) To develop guidelines related to the proper investigation of sexual misconduct

1 by professionals which may be adopted by professional licensure boards.

2 (2) Nothing in this section shall be interpreted to derogate from any existing common-
3 law or statutory right or remedy against damage to the environment.

4 ➔Section 15. KRS 15.300 is amended to read as follows:

5 (1) As used in this section, "consent order" means the consent order of December 21,
6 1998, agreed to in Commonwealth of Kentucky v. Philip Morris Inc. et al., Docket
7 Number 98-CI-01579, Franklin Circuit Court.

8 (2) There is created the Tobacco Master Settlement Agreement Compliance Advisory
9 Board in the Department of Law. The board shall be composed of six (6) members
10 as follows:

11 (a) The Attorney General, or the Attorney General's designee;

12 (b) The secretary of the Cabinet for Health and Family Services, or the secretary's
13 designee;

14 (c) The Commissioner of Agriculture, or the Commissioner's designee;

15 (d) The secretary of the ~~{Environmental and }~~Public Protection Cabinet, or the
16 secretary's designee; and

17 (e) Two (2) citizens at large appointed by the Attorney General.

18 (3) The citizen members of the board shall serve for terms of one (1) year and until
19 their successors are appointed. The citizen members shall be eligible for successive
20 terms on the board.

21 (4) The board shall annually elect a member to serve as its chair and shall meet at least
22 quarterly on a date set by the board. Board members shall be reimbursed for
23 necessary expenses incurred in serving on the board.

24 (5) The board may adopt rules governing the conduct of its meetings, the creation of
25 meeting agendas, and other procedural matters it deems necessary. The board may
26 adopt reporting forms, which shall be developed in consultation with participating
27 agencies.

1 (6) The Office of the Attorney General shall:

- 2 (a) Enter into a memorandum of agreement with the Department of Public Health
3 of the Cabinet for Health and Family Services, the Department~~[Office]~~ of
4 Alcoholic Beverage Control in the ~~[Environmental and]~~ Public Protection
5 Cabinet, and the Department of Agriculture to identify and report possible
6 violations of the consent order;
- 7 (b) Attempt to secure funding under the master settlement agreement to reimburse
8 the agencies specified in paragraph (a) of this subsection for any compliance
9 activity that they perform; and
- 10 (c) Provide necessary funding and staff for administrative expenses related to the
11 operation of the board. The board may request assistance from other state
12 agencies.

13 (7) The Tobacco Master Settlement Agreement Compliance Advisory Board shall:

- 14 (a) Identify activities for which training is required for personnel of the state
15 agencies specified in paragraph (a) of subsection (6) of this section that are
16 responsible for identifying and reporting possible violations of the consent
17 order;
- 18 (b) Determine eligible compliance training costs and seek reimbursement for the
19 costs; and
- 20 (c) Notify the appropriate tobacco manufacturer, in writing, of any alleged
21 violation of the consent order and request a response and, if applicable, a
22 corrective action plan within thirty (30) days from the date of the notice. If the
23 manufacturer fails to respond or to satisfactorily resolve the matter, the board
24 shall review the matter at its next meeting and may refer the matter to the
25 Office of the Attorney General for enforcement action, if warranted.

26 ➔Section 16. KRS 15.380 is amended to read as follows:

- 27 (1) The following officers employed or appointed as full-time, part-time, or auxiliary

1 officers, whether paid or unpaid, shall be certified:

2 (a) Department of Kentucky State Police officers, but for the commissioner of the
3 Department of Kentucky State Police;

4 (b) City, county, and urban-county police officers;

5 (c) Court security officers and deputy sheriffs, except those identified in KRS
6 70.045 and 70.263(3);

7 (d) State or public university safety and security officers appointed pursuant to
8 KRS 164.950;

9 (e) School security officers employed by local boards of education who are
10 special law enforcement officers appointed under KRS 61.902;

11 (f) Airport safety and security officers appointed under KRS 183.880;

12 (g) Department~~[Office]~~ of Alcoholic Beverage Control field representatives and
13 investigators appointed under KRS 241.090;

14 (h) Division of Insurance Fraud Investigation investigators appointed under KRS
15 304.47-040; and

16 (i) County detectives appointed in a county containing a consolidated local
17 government with the power of arrest in the county and the right to execute
18 process statewide in accordance with KRS 69.360.

19 (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state
20 peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be
21 incorporated by the Personnel Cabinet for job specifications.

22 (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for
23 all peace officers possessing arrest powers who have specialized law enforcement
24 responsibilities shall be the responsibility of the employing agency.

25 (4) The following officers may, upon request of the employing agency, be certified by
26 the council:

27 (a) Deputy coroners;

- 1 (b) Deputy constables;
- 2 (c) Deputy jailers;
- 3 (d) Deputy sheriffs under KRS 70.045 and 70.263(3);
- 4 (e) Officers appointed under KRS 61.360;
- 5 (f) Officers appointed under KRS 61.902, except those who are school security
- 6 officers employed by local boards of education;
- 7 (g) Private security officers;
- 8 (h) Employees of a correctional services division created pursuant to KRS
- 9 67A.028 and employees of a metropolitan correctional services department
- 10 created pursuant to KRS 67B.010 to 67B.080; and
- 11 (i) Investigators employed by the Department~~[Office]~~ of Charitable Gaming in
- 12 accordance with KRS 238.510; and
- 13 (j) Commonwealth detectives employed under KRS 69.110 and county detectives
- 14 employed under KRS 69.360.
- 15 (5) The following officers shall be exempted from the certification requirements but
- 16 may upon their request be certified by the council:
- 17 (a) Sheriffs;
- 18 (b) Coroners;
- 19 (c) Constables;
- 20 (d) Jailers;
- 21 (e) Kentucky Horse Racing Commission~~[Authority]~~ security officers employed
- 22 under KRS 230.240; and
- 23 (f) Commissioner of the State Police.
- 24 (6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.

25 ➔Section 17. KRS 15.398 is amended to read as follows:

26 The following Kentucky Revised Statutes and any administrative regulations promulgated
 27 thereunder affecting those peace officers required to be certified pursuant to KRS 15.380

1 to 15.404 shall not be superseded by the provisions of KRS 15.380 to 15.404, and in all
2 instances the provisions of all statutes specified below shall prevail:

- 3 (1) KRS Chapter 16, relating to Department of Kentucky State Police Officers;
- 4 (2) KRS Chapter 70, relating to sheriffs, and deputy sheriffs;
- 5 (3) KRS Chapter 78, relating to county police;
- 6 (4) KRS Chapters 15 and 95, except for KRS 95.955, relating to city and urban-county
7 police;
- 8 (5) KRS Chapter 183, relating to airport safety and security officers;
- 9 (6) KRS Chapter 164, relating to State Universities and Colleges; Regional Education
10 and Archaeology officers;
- 11 (7) KRS Chapter 18A, relating to all state peace officers;
- 12 (8) KRS 241.090, relating to Department~~Office~~ of Alcoholic Beverage Control field
13 representatives and investigators;
- 14 (9) KRS 304.47-040, relating to Division of Insurance Fraud Investigators; and
- 15 (10) Any other statutes affecting peace officers not specifically cited herein.

16 ➔Section 18. KRS 15.728 is amended to read as follows:

17 All law enforcement agencies and investigative bodies shall notify the
18 Department~~Office~~ of Charitable Gaming of any investigation or prosecution of any
19 violation of the charitable gaming laws as soon as reasonably possible after commencing
20 the investigation or prosecution and shall coordinate any investigation with the
21 department~~office~~.

22 ➔Section 19. KRS 15A.195 is amended to read as follows:

- 23 (1) No state law enforcement agency or official shall stop, detain, or search any person
24 when such action is solely motivated by consideration of race, color, or ethnicity,
25 and the action would constitute a violation of the civil rights of the person.
- 26 (2) The secretary of the Justice and Public Safety Cabinet, in consultation with the
27 Kentucky Law Enforcement Council, the Attorney General, the Department of

1 Criminal Justice Training, the secretary of the Transportation Cabinet, the
 2 Department of Kentucky State Police, the secretary of the Energy and
 3 Environment~~[Environmental and Public Protection]~~ Cabinet, and the
 4 secretary~~[commissioner]~~ of the ~~[Department of]~~Public Protection Cabinet, shall
 5 design and implement a model policy to prohibit racial profiling by state law
 6 enforcement agencies and officials.

7 (3) The Kentucky Law Enforcement Council shall disseminate the established model
 8 policy against racial profiling to all sheriffs and local law enforcement officials,
 9 including local police departments, city councils, and fiscal courts. All local law
 10 enforcement agencies and sheriffs' departments are urged to implement a written
 11 policy against racial profiling or adopt the model policy against racial profiling as
 12 established by the secretary of the Justice and Public Safety Cabinet within one
 13 hundred eighty (180) days of dissemination of the model policy. A copy of any
 14 implemented or adopted policy against racial profiling shall be filed with the
 15 Kentucky Law Enforcement Council and the Kentucky Law Enforcement
 16 Foundation Program Fund.

17 (4) (a) Each local law enforcement agency that participates in the Kentucky Law
 18 Enforcement Foundation Program fund under KRS 15.420 in the
 19 Commonwealth shall implement a policy banning the practice of racial
 20 profiling that meets or exceeds the requirements of the model policy
 21 disseminated under subsection (3) of this section. The local law enforcement
 22 agency's policy shall be submitted by the local law enforcement agency to the
 23 secretary of the Justice and Public Safety Cabinet within one hundred eighty
 24 (180) days of dissemination of the model policy by the Kentucky Law
 25 Enforcement Council under subsection (3) of this section. If the local law
 26 enforcement agency fails to submit its policy within one hundred eighty (180)
 27 days of dissemination of the model policy, or the secretary rejects a policy

submitted within the one hundred and eighty (180) days, that agency shall not receive Kentucky Law Enforcement Foundation Program funding until the secretary approves a policy submitted by the agency.

(b) If the secretary of the Justice and Public Safety Cabinet approves a local law enforcement agency's policy, the agency shall not change its policy without obtaining approval of the new policy from the secretary of the Justice and Public Safety Cabinet. If the agency changes its policy without obtaining the secretary's approval, the agency shall not receive Kentucky Law Enforcement Foundation Program funding until the secretary approves a policy submitted by the agency.

(5) Each local law enforcement agency shall adopt an administrative action for officers found not in compliance with the agency's policy. The administrative action shall be in accordance with other penalties enforced by the agency's administration for similar officer misconduct.

→ Section 20. KRS 15A.340 is amended to read as follows:

(1) As used in this section and KRS 15A.342 and 15A.344, "KY-ASAP" means the Kentucky Agency for Substance Abuse Policy.

(2) The Office of Drug Control Policy shall administer an endowment from interest generated through funds appropriated or gifts, donations, or funds received from any source. The Office of Drug Control Policy may expend endowment principal, if necessary in its discretion, to carry out the purposes of this section and KRS 15A.342 and 15A.344. These expenditures from the endowment principal are hereby appropriated for this purpose.

(3) (a) The Office of Drug Control Policy shall oversee the activities specified in this section and KRS 15A.342 and 15A.344 and provide administrative support to the seventeen (17) member KY-ASAP Board, which is created to oversee the activities of KY-ASAP. Membership of the board shall be appointed by the

Governor and shall consist of the following:

1. One (1) member representing the Kentucky Family Resource Youth Services Coalition, or a designee;
2. One (1) member representing the Kentucky Health Department Association, or a designee;
3. The secretary of the Cabinet for Health and Family Services, or designee;
4. The secretary of the Justice and Public Safety Cabinet, or a designee;
5. One (1) member representing the Division of Mental Health and Substance Abuse Services within the Department for Mental Health and Mental Retardation Services, Cabinet for Health and Family Services, or a designee;
6. The commissioner of the Department for Public Health, Cabinet for Health and Family Services, or a designee;
7. The commissioner~~[executive-director]~~ of the Department~~[Office]~~ of Alcoholic Beverage Control, or a designee;
8. The commissioner of the Department of Education;
9. The director of the Administrative Office of the Courts, or a designee;
10. One (1) member representing the Kentucky Association of Regional Programs, or a designee;
11. One (1) member representing the Kentucky Heart Association, or a designee;
12. One (1) member representing the Kentucky Lung Association, or a designee;
13. One (1) member representing the Kentucky Cancer Society, or a designee;
14. Two (2) members representing local tobacco addiction and substance

1 abuse advisory and coordination boards; and

2 15. Two (2) members representing private community-based organizations,
3 whether for-profit or nonprofit, with experience in programs involving
4 smoking cessation or prevention or alcohol or substance abuse
5 prevention and treatment.

6 (b) Members shall serve for a term of four (4) years, may be reappointed, and may
7 serve no more than two (2) consecutive terms. Members shall not be
8 compensated but shall receive reimbursement for expenses incurred while
9 performing board business.

10 (c) The board shall meet at least quarterly. A quorum of nine (9) members shall
11 be required for the transaction of business. Meetings shall be held at the call
12 of the chair, or upon the written request of two (2) members to the chair.

13 (d) The board shall:

- 14 1. Oversee deposits and expenditures from the endowment;
- 15 2. Request, in its discretion, an audit relating to the expenditure of
16 endowment funds;
- 17 3. Receive quarterly reports from the commissioner of the Department of
18 Alcoholic Beverage Control~~[executive director]~~ regarding KY-ASAP's
19 activities;
- 20 4. Progress toward development and implementation of the strategic plan;
- 21 5. Recommend to KY-ASAP the most efficient means for using public
22 funds to coordinate, supplement, and support high quality and ongoing
23 programs of all public agencies and private service providers related to
24 smoking cessation and prevention and alcohol and substance abuse
25 prevention and treatment;
- 26 6. Recommend matters for review and analysis by KY-ASAP; and
- 27 7. Perform other duties as necessary for the oversight of KY-ASAP.

1 (4) The Office of Drug Control Policy and KY-ASAP shall promote the
2 implementation of research-based strategies that target Kentucky's youth and adult
3 populations.

4 (5) The Office of Drug Control Policy and KY-ASAP shall vigorously pursue the
5 philosophy that tobacco in the hands of Kentucky's youth is a drug abuse problem
6 because of the addictive qualities of nicotine, and because tobacco is the most
7 prevalent gateway drug that leads to later and escalated drug and alcohol abuse.

8 ➔Section 21. KRS 15A.342 is amended to read as follows:

9 The Office of Drug Control Policy shall be responsible for all matters relating to the
10 research, coordination, and execution of drug control policy and for the management of
11 state and federal grants, including but not limited to the prevention and treatment related
12 to substance abuse. By December 31 of each year, the Office of Drug Control Policy shall
13 review, approve, and coordinate all current projects of any substance abuse program
14 which is conducted by or receives funding through agencies of the executive branch. This
15 oversight shall extend to all substance abuse programs which are principally related to the
16 prevention or treatment, or otherwise targeted at the reduction, of substance abuse in the
17 Commonwealth. The Office of Drug Control Policy shall promulgate administrative
18 regulations consistent with enforcing this oversight authority. In addition, the Office of
19 Drug Control Policy and KY-ASAP shall:

20 (1) Develop a strategic plan to reduce the prevalence of smoking and drug and alcohol
21 abuse among both the youth and adult populations in Kentucky;

22 (2) Monitor the data and issues related to youth alcohol and tobacco access, smoking
23 cessation and prevention, and substance abuse policies, their impact on state and
24 local programs, and their flexibility to adapt to the needs of local communities and
25 service providers;

26 (3) Make policy recommendations to be followed to the extent permitted by budgetary
27 restrictions and federal law, by executive branch agencies that work with smoking

- 1 cessation and prevention and alcohol and substance abuse issues to ensure the
 2 greatest efficiency in agencies and to ensure that a consistency in philosophy will be
 3 applied to all efforts undertaken by the administration in initiatives related to
 4 smoking cessation and prevention and alcohol and substance abuse;
- 5 (4) Identify existing resources in each community that advocate or implement programs
 6 for smoking cessation or prevention, or drug and alcohol abuse prevention,
 7 education, or treatment;
- 8 (5) Encourage coordination among public and private, state and local, agencies,
 9 organizations, and service providers, and monitor related programs;
- 10 (6) Act as the referral source of information, utilizing existing information
 11 clearinghouse resources within the Department for Public Health and CHAMPIONS
 12 for a Drug Free Kentucky Office, relating to youth tobacco access, smoking
 13 cessation and prevention, and substance abuse prevention, cessation, and treatment
 14 programs. The Office of Drug Control Policy and KY-ASAP shall identify gaps in
 15 information referral sources;
- 16 (7) Search for grant opportunities for existing programs within the Commonwealth;
- 17 (8) Make recommendations to state and local agencies and local tobacco addiction and
 18 substance abuse advisory and coordination boards;
- 19 (9) Observe programs from other states;
- 20 (10) Coordinate services among local and state agencies, including but not limited to the
 21 Justice and Public Safety Cabinet, the Cabinet for Health and Family Services, the
 22 Department of Agriculture, the ~~Environmental and~~ Public Protection Cabinet, the
 23 Administrative Office of the Courts, and the Education and Workforce
 24 Development Cabinet;
- 25 (11) Assure the availability of training, technical assistance, and consultation to local
 26 service providers for programs funded by the Commonwealth that provide services
 27 related to tobacco addiction, smoking cessation or prevention, or alcohol or

- 1 substance abuse;
- 2 (12) Review existing research on programs related to smoking cessation and prevention
3 and substance abuse prevention and treatment;
- 4 (13) Comply with any federal mandate regarding smoking cessation and prevention and
5 substance abuse, to the extent authorized by state statute;
- 6 (14) Establish a mechanism to coordinate the distribution of funds to support any local
7 prevention, treatment, and education program based on the strategic plan developed
8 in subsection (1) of this section that could encourage smoking cessation and
9 prevention through efficient, effective, and research-based strategies;
- 10 (15) Oversee a school-based initiative that links schools with community-based agencies
11 and health departments to implement School Programs to Prevent Tobacco Use,
12 based upon the model recommended by the Centers for Disease Control and
13 Prevention. To the extent permitted by resources, the initiative shall involve input
14 by and services from each of the family resource and youth services centers,
15 regional prevention centers, and existing school-based antidrug programs;
- 16 (16) Work with community-based organizations to encourage them to work together to
17 establish comprehensive tobacco addiction and substance abuse prevention
18 education programs and carry out the strategic plan developed in this section. These
19 organizations shall be encouraged to partner with district and local health
20 departments and community mental health centers to plan and implement
21 interventions to reach youths before tobacco addiction and substance abuse become
22 a problem in their lives;
- 23 (17) Coordinate media campaigns designed to demonstrate the negative impact of
24 smoking and the increased risk of tobacco addiction, substance abuse, and the
25 development of other disease in children, young people, and adults. To accomplish
26 this objective, KY-ASAP shall work with local media to reach all segments of the
27 community quickly and efficiently;

1 (18) Certify to the Governor, the secretary of the Justice and Public Safety Cabinet, and
 2 the General Assembly during the budget request process established under KRS
 3 Chapter 48 the extent to which each entity receiving state funds has cooperated with
 4 the Office of Drug Control Policy and KY-ASAP, coordinated with community
 5 resources, and vigorously pursued the philosophy of the Office of Drug Control
 6 Policy and KY-ASAP;

7 (19) Promulgate, with the approval of the secretary of the Justice and Public Safety
 8 Cabinet, any administrative regulations necessary to implement this section and
 9 KRS 15A.340 and 15A.344; and

10 (20) Report annually to the Legislative Research Commission and Governor regarding
 11 the proper organization of state government agencies that will provide the greatest
 12 coordination of services, and report semiannually to the Legislative Research
 13 Commission and Governor on the status of the Office of Drug Control Policy and
 14 KY-ASAP programs, services, and grants, and on other matters as requested by the
 15 Legislative Research Commission and Governor.

16 ➔Section 22. KRS 16.075 is amended to read as follows:

17 (1) The Department of Kentucky State Police shall secure, or reimburse members of the
 18 State Police who purchase a rider on their personal motor vehicle insurance policy
 19 to secure, such automobile liability insurance and uninsured and underinsured
 20 motorist coverage as will reasonably protect the interest of members of the State
 21 Police when in the conduct of official business.

22 (2) Policies authorized by this section shall be purchased only in accordance with
 23 regulations prescribed by the commissioner~~[executive director]~~ of insurance and the
 24 secretary of the Finance and Administration Cabinet.

25 (3) The department shall determine the minimum coverage the member must purchase
 26 to be eligible for reimbursement under subsection (1) of this section and the
 27 maximum amount of reimbursement. The uninsured and underinsured motorist

1 coverage shall be no less than the policy's liability limits for bodily injury or death.

2 ➔Section 23. KRS 16.150 is amended to read as follows:

3 (1) Any officer of the department who shall be found guilty by the trial board of any
 4 charge as provided in KRS 16.140 shall have the right, within ten (10) days from
 5 the date of judgment of the trial board, to appeal to the Franklin Circuit Court,
 6 provided the punishment be a suspension of more than twenty (20) days or his pay
 7 be reduced more than ten percent (10%), or if he is reduced in grade, if his
 8 classification so warrants, or is removed or dismissed from the department;
 9 provided, however, the enforcement of the judgment of the trial board upon said
 10 charges shall not be suspended during said appeal.

11 (2) To perfect said appeal within the time specified, such officer shall file in the office
 12 of the clerk of the Franklin Circuit Court a copy of the order, of all the evidence
 13 heard, and of all the steps taken by the trial board relative to such charges, but shall
 14 first post a bond to secure the cost of the action in a lump sum to be approved by the
 15 circuit clerk, with corporate surety approved by the Department~~{Office}~~ of
 16 Insurance as to solvency and responsibility and authorized to transact business in
 17 this state, or he may post a cash bond. The members of the trial board and the
 18 commissioner shall be necessary parties to such appeal. The circuit clerk shall
 19 docket the case as though it were a petition in equity and shall immediately issue a
 20 summons for the appellee. The summons shall be returnable in the same manner as
 21 in equity cases. Service of summons upon the commissioner or acting commissioner
 22 shall be deemed service upon the board.

23 (3) Such action shall be set down for trial as soon as possible, and the hearing thereof
 24 shall be expedited in the same manner as a declaratory judgment suit.

25 (4) No new or additional evidence shall be introduced in the Franklin Circuit Court,
 26 except as to fraud or misconduct of some party engaged in the administration of
 27 KRS 16.010 to 16.170, or one (1) who is a member of the trial board, but the court

1 shall otherwise hear the case upon the record as attested by the board, and in all
 2 respects dispose of the appeal in a summary manner. Its review shall be limited to
 3 determining whether or not:

- 4 (a) The board acted without or in excess of its powers;
- 5 (b) The order appealed from was procured by fraud; or
- 6 (c) If questions of fact are in issue, whether or not any substantial evidence
 7 supports the order appealed from. After such a hearing, the court shall enter a
 8 judgment sustaining or setting aside the order of the trial board appealed from.

9 The cost of the action shall follow the judgment of the court.

- 10 (5) Any party aggrieved by a judgment of the Franklin Circuit Court may appeal to the
 11 Court of Appeals in the manner provided in the Rules of Civil Procedure, but such
 12 appeal shall be docketed within sixty (60) days from the entry of judgment, unless
 13 the time be extended by the Circuit Court, but in no event beyond one hundred
 14 twenty (120) days from the entry of judgment.

15 ➔Section 24. KRS 16.193 is amended to read as follows:

- 16 (1) Any officer of the department found guilty by the trial board of any charge as
 17 provided in KRS 16.192 shall have the right, within ten (10) days from the date of
 18 judgment of the trial board, to appeal to the Franklin Circuit Court if the
 19 punishment is:

- 20 (a) A suspension of more than twenty (20) days;
- 21 (b) A pay reduction of more than ten percent (10%);
- 22 (c) A grade reduction if his classification so warrants; or
- 23 (d) Dismissal from the department.

24 The enforcement of the judgment of the trial board upon said charges shall not be
 25 suspended during the appeal.

- 26 (2) To perfect the appeal within the specified time, an officer shall file a copy of the
 27 order, all the evidence heard, and a full transcribed record relative to the charges

1 with the Franklin County Circuit Clerk. The officer shall first post a bond to secure
2 the cost of the action in a lump-sum amount to be approved by the circuit clerk,
3 with corporate surety approved by the Department~~[Office]~~ of Insurance as to
4 solvency and responsibility and authority to transact business in this state, or the
5 officer may post a cash bond. The members of the trial board and the commissioner
6 shall be necessary parties to the appeal. The circuit clerk shall docket the case as
7 though it were a petition in equity and shall immediately issue a summons for the
8 appellee. The summons shall be returnable in the same manner as in equity cases.
9 Service of summons upon the commissioner or acting commissioner shall be
10 deemed service upon the board.

11 (3) The appeal shall be scheduled for trial as soon as possible, and the hearing thereof
12 shall be expedited in the same manner as a declaratory judgment suit.

13 (4) No new or additional evidence shall be introduced in the Franklin Circuit Court,
14 except as to fraud or misconduct of some party involved in the investigation of the
15 charges or a member of the trial board. The court shall sit in appellate jurisdiction
16 and shall not overturn the verdict of the trial board unless it finds:

17 (a) The board acted without or in excess of its powers;

18 (b) The order appealed from was procured by fraud; or

19 (c) If questions of fact are at issue, whether any substantial evidence exists to
20 support the order issued by the trial board. The court shall enter a judgment
21 sustaining or setting aside the order of the trial board. The cost of the action
22 shall follow the judgment of the court.

23 (5) Any party aggrieved by a judgment of the Franklin Circuit Court may appeal to the
24 Court of Appeals in the manner provided in the Rules of Civil Procedure. The
25 appeal shall be docketed within sixty (60) days from the entry of judgment, unless
26 the time is extended by the Franklin Circuit Court, but in no event beyond one
27 hundred twenty (120) days from the entry of judgment.

1 ➔Section 25. KRS 18A.115 is amended to read as follows:

- 2 (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise
3 all positions in the state service now existing or hereafter established, except the
4 following:
- 5 (a) The General Assembly and employees of the General Assembly, including the
6 employees of the Legislative Research Commission;
 - 7 (b) Officers elected by popular vote and persons appointed to fill vacancies in
8 elective offices;
 - 9 (c) Members of boards and commissions;
 - 10 (d) Officers and employees on the staff of the Governor, the Lieutenant Governor,
11 the Office of the Secretary of the Governor's Cabinet, and the Office of
12 Program Administration;
 - 13 (e) Cabinet secretaries, commissioners, office heads, and the administrative heads
14 of all boards and commissions, including the executive director of Kentucky
15 Educational Television and the executive director and deputy executive
16 director of the Education Professional Standards Board;
 - 17 (f) Employees of Kentucky Educational Television who have been determined to
18 be exempt from classified service by the Kentucky Authority for Educational
19 Television, which shall have sole authority over such exempt employees for
20 employment, dismissal, and setting of compensation, up to the maximum
21 established for the executive director and his principal assistants;
 - 22 (g) One (1) principal assistant or deputy for each person exempted under
23 subsection (1)(e) of this section;
 - 24 (h) One (1) additional principal assistant or deputy as may be necessary for
25 making and carrying out policy for each person exempted under subsection
26 (1)(e) of this section in those instances in which the nature of the functions,
27 size, or complexity of the unit involved are such that the commissioner

1 approves such an addition on petition of the relevant cabinet secretary or
2 department head and such other principal assistants, deputies, or other major
3 assistants as may be necessary for making and carrying out policy for each
4 person exempted under subsection (1)(e) of this section in those instances in
5 which the nature of the functions, size, or complexity of the unit involved are
6 such that the board may approve such an addition or additions on petition of
7 the department head approved by the commissioner;

8 (i) Division directors subject to the provisions of KRS 18A.170. Division
9 directors in the classified service as of January 1, 1980, shall remain in the
10 classified service;

11 (j) Physicians employed as such;

12 (k) One (1) private secretary for each person exempted under subsection (1)(e),
13 (g), and (h) of this section;

14 (l) The judicial department, referees, receivers, jurors, and notaries public;

15 (m) Officers and members of the staffs of state universities and colleges and
16 student employees of such institutions; officers and employees of the
17 Teachers' Retirement System; and officers, teachers, and employees of local
18 boards of education;

19 (n) Patients or inmates employed in state institutions;

20 (o) Persons employed in a professional or scientific capacity to make or conduct a
21 temporary or special inquiry, investigation, or examination on behalf of the
22 General Assembly, or a committee thereof, or by authority of the Governor,
23 and persons employed by state agencies for a specified, limited period to
24 provide professional, technical, scientific, or artistic services under the
25 provisions of KRS 45A.690 to 45A.725;

26 (p) Interim employees;

27 (q) Officers and members of the state militia;

- 1 (r) Department of Kentucky State Police troopers;
- 2 (s) University or college engineering students or other students employed part-
- 3 time or part-year by the state through special personnel recruitment programs;
- 4 provided that while so employed such aides shall be under contract to work
- 5 full-time for the state after graduation for a period of time approved by the
- 6 commissioner or shall be participants in a cooperative education program
- 7 approved by the commissioner;
- 8 (t) Superintendents of state mental institutions, including heads of mental
- 9 retardation centers, and penal and correctional institutions as referred to in
- 10 KRS 196.180(2);
- 11 (u) Staff members of the Kentucky Historical Society, if they are hired in
- 12 accordance with KRS 171.311;
- 13 (v) County and Commonwealth's attorneys and their respective appointees;
- 14 (w) Chief district engineers and the state highway engineer;
- 15 (x) Veterinarians employed as such by the Kentucky Horse Racing
- 16 Commission~~[Authority]~~;
- 17 (y) Employees of the Kentucky Peace Corps;
- 18 (z) Employees of the Council on Postsecondary Education;
- 19 (aa) Executive director of the Commonwealth Office of Technology;
- 20 (ab) Employees of the Kentucky Commission on Community Volunteerism and
- 21 Service;
- 22 (ac) Persons employed in certified teaching positions at the Kentucky School for
- 23 the Blind and the Kentucky School for the Deaf; and
- 24 (ad) Federally funded time-limited employees as defined in KRS 18A.005.
- 25 (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or
- 26 amend the provisions of KRS 150.022 and 150.061.
- 27 (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any

1 nonmanagement, nonpolicy-making position which must be included in the
2 classified service as a prerequisite to the grant of federal funds to a state agency.

3 (4) Career employees within the classified service promoted to positions exempted
4 from classified service shall, upon termination of their employment in the exempted
5 service, revert to a position in that class in the agency from which they were
6 terminated if a vacancy in that class exists. If no such vacancy exists, they shall be
7 considered for employment in any vacant position for which they were qualified
8 pursuant to KRS 18A.130 and 18A.135.

9 (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing
10 officers from filling unclassified positions in the manner in which positions in the
11 classified service are filled except as otherwise provided in KRS 18A.005 to
12 18A.200.

13 (6) The positions of employees who are transferred, effective July 1, 1998, from the
14 Cabinet for Workforce Development to the Kentucky Community and Technical
15 College System shall be abolished and the employees' names removed from the
16 roster of state employees. Employees that are transferred, effective July 1, 1998, to
17 the Kentucky Community and Technical College System under KRS Chapter 164
18 shall have the same benefits and rights as they had under KRS Chapter 18A and
19 have under KRS 164.5805; however, they shall have no guaranteed reemployment
20 rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An
21 employee who seeks reemployment in a state position under KRS Chapter 151B or
22 KRS Chapter 18A shall have years of service in the Kentucky Community and
23 Technical College System counted towards years of experience for calculating
24 benefits and compensation.

25 (7) On August 15, 2000, all certified and equivalent personnel, all unclassified
26 personnel, and all certified and equivalent and unclassified vacant positions in the
27 Department for Adult Education and Literacy shall be transferred from the

1 personnel system under KRS Chapter 151B to the personnel system under KRS
 2 Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel
 3 system. All records shall be transferred including accumulated annual leave, sick
 4 leave, compensatory time, and service credit for each affected employee. The
 5 personnel officers who administer the personnel systems under KRS Chapter 151B
 6 and KRS Chapter 18A shall exercise the necessary administrative procedures to
 7 effect the change in personnel authority. No certified or equivalent employee in the
 8 Department for Adult Education and Literacy shall suffer any penalty in the
 9 transfer.

- 10 (8) On August 15, 2000, secretaries and assistants attached to policymaking positions
 11 in the Department for Technical Education and the Department for Adult Education
 12 and Literacy shall be transferred from the personnel system under KRS Chapter
 13 151B to the personnel system under KRS Chapter 18A. The positions shall be
 14 deleted from the KRS Chapter 151B system. All records shall be transferred
 15 including accumulated annual leave, sick leave, compensatory time, and service
 16 credit for each affected employee. No employee shall suffer any penalty in the
 17 transfer.

18 ➔Section 26. KRS 18A.205 is amended to read as follows:

- 19 (1) The secretary of the Finance and Administration Cabinet, upon the recommendation
 20 of the secretary, may procure from one (1) or more life insurance companies,
 21 authorized to do business in this state, a policy or policies of group life insurance
 22 insuring the lives of all or any class or classes of state employees. The policy or
 23 policies shall be approved by the commissioner~~[executive director]~~ of insurance
 24 and may contain such provisions as the commissioner of insurance~~[he]~~ approves
 25 whether or not otherwise permitted by the insurance laws. It is intended that life
 26 insurance may be made available for state employees, except that the procuring is
 27 permissive.

1 (2) The term "state employee," for purposes of KRS 18A.205 to 18A.215, shall mean a
 2 person who is regularly employed by any department, board, agency, or branch of
 3 state government, and who is also a contributing member of any one (1) of the
 4 retirement systems administered by the state; provided, however, that any federally
 5 funded time-limited employee may receive insurance coverage.

6 (3) The term "premiums," for the purposes of KRS 18A.205 to 18A.225, shall mean
 7 premiums to be paid on any type of insurance authorized under KRS 18A.205 to
 8 18A.225.

9 ➔Section 27. KRS 18A.215 is amended to read as follows:

10 The policy or policies may also provide accidental death and dismemberment insurance
 11 and may contain such provisions with respect to the class or classes of employees
 12 covered, amounts of insurance for designated classes or groups of employees, terms of
 13 eligibility, continuation of insurance after retirement, and such other provisions as the
 14 commissioner~~executive director~~ of insurance may approve.

15 ➔Section 28. KRS 18A.225 is amended to read as follows:

16 (1) (a) The term "employee" for purposes of this section means:

17 1. Any person, including an elected public official, who is regularly
 18 employed by any department, office, board, agency, or branch of state
 19 government; or by a public postsecondary educational institution; or by
 20 any city, urban-county, charter county, county, or consolidated local
 21 government, whose legislative body has opted to participate in the state-
 22 sponsored health insurance program pursuant to KRS 79.080; and who
 23 is either a contributing member to any one (1) of the retirement systems
 24 administered by the state, including but not limited to the Kentucky
 25 Retirement Systems, Kentucky Teachers' Retirement System, the
 26 Legislators' Retirement Plan, or the Judicial Retirement Plan; or is
 27 receiving a contractual contribution from the state toward a retirement

- 1 plan; or, in the case of a public postsecondary education institution, is an
 2 individual participating in an optional retirement plan authorized by
 3 KRS 161.567;
- 4 2. Any certified or classified employee of a local board of education;
- 5 3. Any elected member of a local board of education;
- 6 4. Any person who is a present or future recipient of a retirement
 7 allowance from the Kentucky Retirement Systems, Kentucky Teachers'
 8 Retirement System, the Legislators' Retirement Plan, the Judicial
 9 Retirement Plan, or the Kentucky Community and Technical College
 10 System's optional retirement plan authorized by KRS 161.567, except
 11 that a person who is receiving a retirement allowance and who is age
 12 sixty-five (65) or older shall not be included, with the exception of
 13 persons covered under KRS 61.702(4)(c), unless he or she is actively
 14 employed pursuant to subparagraph 1. of this paragraph; and
- 15 5. Any eligible dependents and beneficiaries of participating employees
 16 and retirees who are entitled to participate in the state-sponsored health
 17 insurance program;
- 18 (b) The term "health benefit plan" for the purposes of this section means a health
 19 benefit plan as defined in KRS 304.17A-005;
- 20 (c) The term "insurer" for the purposes of this section means an insurer as defined
 21 in KRS 304.17A-005; and
- 22 (d) The term "managed care plan" for the purposes of this section means a
 23 managed care plan as defined in KRS 304.17A-500.
- 24 (2) (a) The secretary of the Finance and Administration Cabinet, upon the
 25 recommendation of the secretary of the Personnel Cabinet, shall procure, in
 26 compliance with the provisions of KRS 45A.080, 45A.085, and 45A.090,
 27 from one (1) or more insurers authorized to do business in this state, a group

1 health benefit plan that may include but not be limited to health maintenance
 2 organization (HMO), preferred provider organization (PPO), point of service
 3 (POS), and exclusive provider organization (EPO) benefit plans encompassing
 4 all or any class or classes of employees. With the exception of employers
 5 governed by the provisions of KRS Chapters 16, 18A, and 151B, all
 6 employers of any class of employees or former employees shall enter into a
 7 contract with the Personnel Cabinet prior to including that group in the state
 8 health insurance group. The contracts shall include but not be limited to
 9 designating the entity responsible for filing any federal forms, adoption of
 10 policies required for proper plan administration, acceptance of the contractual
 11 provisions with health insurance carriers or third-party administrators, and
 12 adoption of the payment and reimbursement methods necessary for efficient
 13 administration of the health insurance program. Health insurance coverage
 14 provided to state employees under this section shall, at a minimum, contain
 15 the same benefits as provided under Kentucky Kare Standard as of January 1,
 16 1994, and shall include a mail-order drug option as provided in subsection
 17 (13) of this section. All employees and other persons for whom the health care
 18 coverage is provided or made available shall annually be given an option to
 19 elect health care coverage through a self-funded plan offered by the
 20 Commonwealth or, if a self-funded plan is not available, from a list of
 21 coverage options determined by the competitive bid process under the
 22 provisions of KRS 45A.080, 45A.085, and 45A.090 and made available
 23 during annual open enrollment.

- 24 (b) The policy or policies shall be approved by the commissioner~~executive~~
 25 ~~director~~ of insurance and may contain the provisions the commissioner of
 26 insurance~~he~~ approves, whether or not otherwise permitted by the insurance
 27 laws.

1 (c) Any carrier bidding to offer health care coverage to employees shall agree to
2 provide coverage to all members of the state group, including active
3 employees and retirees and their eligible covered dependents and
4 beneficiaries, within the county or counties specified in its bid. Except as
5 provided in subsection (18) of this section, any carrier bidding to offer health
6 care coverage to employees shall also agree to rate all employees as a single
7 entity, except for those retirees whose former employers insure their active
8 employees outside the state-sponsored health insurance program.

9 (d) Any carrier bidding to offer health care coverage to employees shall agree to
10 provide enrollment, claims, and utilization data to the Commonwealth in a
11 format specified by the Personnel Cabinet with the understanding that the data
12 shall be owned by the Commonwealth; to provide data in an electronic form
13 and within a time frame specified by the Personnel Cabinet; and to be subject
14 to penalties for noncompliance with data reporting requirements as specified
15 by the Personnel Cabinet. The Personnel Cabinet shall take strict precautions
16 to protect the confidentiality of each individual employee; however,
17 confidentiality assertions shall not relieve a carrier from the requirement of
18 providing stipulated data to the Commonwealth.

19 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities
20 for timely analysis of data received from carriers and, to the extent possible,
21 provide in the request-for-proposal specifics relating to data requirements,
22 electronic reporting, and penalties for noncompliance. The Commonwealth
23 shall own the enrollment, claims, and utilization data provided by each carrier
24 and shall develop methods to protect the confidentiality of the individual. The
25 Personnel Cabinet shall include in the October annual report submitted
26 pursuant to the provisions of KRS 18A.226 to the Governor, the General
27 Assembly, and the Chief Justice of the Supreme Court, an analysis of the

1 financial stability of the program, which shall include but not be limited to
 2 loss ratios, methods of risk adjustment, measurements of carrier quality of
 3 service, prescription coverage and cost management, and statutorially required
 4 mandates. If state self-insurance was available as a carrier option, the report
 5 also shall provide a detailed financial analysis of the self-insurance fund
 6 including but not limited to loss ratios, reserves, and reinsurance agreements.

7 (f) If any agency participating in the state-sponsored employee health insurance
 8 program for its active employees terminates participation and there is a state
 9 appropriation for the employer's contribution for active employees' health
 10 insurance coverage, then neither the agency nor the employees shall receive
 11 the state-funded contribution after termination from the state-sponsored
 12 employee health insurance program.

13 (g) Any funds in flexible spending accounts that remain after all reimbursements
 14 have been processed shall be transferred to the credit of the state-sponsored
 15 health insurance plan's appropriation account.

16 (h) Each entity participating in the state-sponsored health insurance program shall
 17 provide an amount at least equal to the state contribution rate for the employer
 18 portion of the health insurance premium. For any participating entity that used
 19 the state payroll system, the employer contribution amount shall be equal to
 20 but not greater than the state contribution rate.

21 (3) The premiums may be paid by the policyholder:

22 (a) Wholly from funds contributed by the employee, by payroll deduction or
 23 otherwise;

24 (b) Wholly from funds contributed by any department, board, agency, public
 25 postsecondary education institution, or branch of state, city, urban-county,
 26 charter county, county, or consolidated local government; or

27 (c) Partly from each, except that any premium due for health care coverage or

- 1 dental coverage, if any, in excess of the premium amount contributed by any
2 department, board, agency, postsecondary education institution, or branch of
3 state, city, urban-county, charter county, county, or consolidated local
4 government for any other health care coverage shall be paid by the employee.
- 5 (4) If an employee moves his place of residence or employment out of the service area
6 of an insurer offering a managed health care plan, under which he has elected
7 coverage, into either the service area of another managed health care plan or into an
8 area of the Commonwealth not within a managed health care plan service area, the
9 employee shall be given an option, at the time of the move or transfer, to change his
10 or her coverage to another health benefit plan.
- 11 (5) No payment of premium by any department, board, agency, public postsecondary
12 educational institution, or branch of state, city, urban-county, charter county,
13 county, or consolidated local government shall constitute compensation to an
14 insured employee for the purposes of any statute fixing or limiting the
15 compensation of such an employee. Any premium or other expense incurred by any
16 department, board, agency, public postsecondary educational institution, or branch
17 of state, city, urban-county, charter county, county, or consolidated local
18 government shall be considered a proper cost of administration.
- 19 (6) The policy or policies may contain the provisions with respect to the class or classes
20 of employees covered, amounts of insurance or coverage for designated classes or
21 groups of employees, policy options, terms of eligibility, and continuation of
22 insurance or coverage after retirement.
- 23 (7) Group rates under this section shall be made available to the disabled child of an
24 employee regardless of the child's age if the entire premium for the disabled child's
25 coverage is paid by the state employee. A child shall be considered disabled if he
26 has been determined to be eligible for federal Social Security disability benefits.
- 27 (8) The health care contract or contracts for employees shall be entered into for a period

1 of not less than one (1) year.

2 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of
3 State Health Insurance Subscribers to advise the secretary or his designee regarding
4 the state-sponsored health insurance program for employees. The secretary shall
5 appoint, from a list of names submitted by appointing authorities, members
6 representing school districts from each of the seven (7) Supreme Court districts,
7 members representing state government from each of the seven (7) Supreme Court
8 districts, two (2) members representing retirees under age sixty-five (65), one (1)
9 member representing local health departments, two (2) members representing the
10 Kentucky Teachers' Retirement System, and three (3) members at large. The
11 secretary shall also appoint two (2) members from a list of five (5) names submitted
12 by the Kentucky Education Association, two (2) members from a list of five (5)
13 names submitted by the largest state employee organization of nonschool state
14 employees, two (2) members from a list of five (5) names submitted by the
15 Kentucky Association of Counties, two (2) members from a list of five (5) names
16 submitted by the Kentucky League of Cities, and two (2) members from a list of
17 names consisting of five (5) names submitted by each state employee organization
18 that has two thousand (2,000) or more members on state payroll deduction. The
19 advisory committee shall be appointed in January of each year and shall meet
20 quarterly.

21 (10) Notwithstanding any other provision of law to the contrary, the policy or policies
22 provided to employees pursuant to this section shall not provide coverage for
23 obtaining or performing an abortion, nor shall any state funds be used for the
24 purpose of obtaining or performing an abortion on behalf of employees or their
25 dependents.

26 (11) Interruption of an established treatment regime with maintenance drugs shall be
27 grounds for an insured to appeal a formulary change through the established appeal

1 procedures approved by the Department~~[Office]~~ of Insurance, if the physician
2 supervising the treatment certifies that the change is not in the best interests of the
3 patient.

4 (12) Any employee who is eligible for and elects to participate in the state health
5 insurance program as a retiree, or the spouse or beneficiary of a retiree, under any
6 one (1) of the state-sponsored retirement systems shall not be eligible to receive the
7 state health insurance contribution toward health care coverage as a result of any
8 other employment for which there is a public employer contribution. This does not
9 preclude a retiree and an active employee spouse from using both contributions to
10 the extent needed for purchase of one (1) state sponsored health insurance policy for
11 that plan year.

12 (13) (a) The policies of health insurance coverage procured under subsection (2) of
13 this section shall include a mail-order drug option for maintenance drugs for
14 state employees. Maintenance drugs may be dispensed by mail order in
15 accordance with Kentucky law.

16 (b) A health insurer shall not discriminate against any retail pharmacy located
17 within the geographic coverage area of the health benefit plan and that meets
18 the terms and conditions for participation established by the insurer, including
19 price, dispensing fee, and copay requirements of a mail-order option. The
20 retail pharmacy shall not be required to dispense by mail.

21 (c) The mail-order option shall not permit the dispensing of a controlled
22 substance classified in Schedule II.

23 (14) The policy or policies provided to state employees or their dependents pursuant to
24 this section shall provide coverage for obtaining a hearing aid and acquiring hearing
25 aid-related services for insured individuals under eighteen (18) years of age, subject
26 to a cap of one thousand four hundred dollars (\$1,400) every thirty-six (36) months
27 pursuant to KRS 304.17A-132.

- 1 (15) If a state employee's residence and place of employment are in the same county, and
2 if the hospital located within that county does not offer surgical services, intensive
3 care services, obstetrical services, level II neonatal services, diagnostic cardiac
4 catheterization services, and magnetic resonance imaging services, the employee
5 may select a plan available in a contiguous county that does provide those services,
6 and the state contribution for the plan shall be the amount available in the county
7 where the plan selected is located.
- 8 (16) If a state employee's residence and place of employment are each located in counties
9 in which the hospitals do not offer surgical services, intensive care services,
10 obstetrical services, level II neonatal services, diagnostic cardiac catheterization
11 services, and magnetic resonance imaging services, the employee may select a plan
12 available in a county contiguous to the county of residence that does provide those
13 services, and the state contribution for the plan shall be the amount available in the
14 county where the plan selected is located.
- 15 (17) The Personnel Cabinet is encouraged to study whether it is fair and reasonable and
16 in the best interests of the state group to allow any carrier bidding to offer health
17 care coverage under this section to submit bids that may vary county by county or
18 by larger geographic areas.
- 19 (18) Notwithstanding any other provision of this section, the bid for proposals for health
20 insurance coverage for calendar year 2004 shall include a bid scenario that reflects
21 the statewide rating structure provided in calendar year 2003 and a bid scenario that
22 allows for a regional rating structure that allows carriers to submit bids that may
23 vary by region for a given product offering as described in this subsection:
- 24 (a) The regional rating bid scenario shall not include a request for bid on a
25 statewide option;
- 26 (b) The Personnel Cabinet shall divide the state into geographical regions which
27 shall be the same as the partnership regions designated by the Department for

1 Medicaid Services for purposes of the Kentucky Health Care Partnership
2 Program established pursuant to 907 KAR 1:705;

3 (c) The request for proposal shall require a carrier's bid to include every county
4 within the region or regions for which the bid is submitted and include but not
5 be restricted to a preferred provider organization (PPO) option;

6 (d) If the Personnel Cabinet accepts a carrier's bid, the cabinet shall award the
7 carrier all of the counties included in its bid within the region. If the Personnel
8 Cabinet deems the bids submitted in accordance with this subsection to be in
9 the best interests of state employees in a region, the cabinet may award the
10 contract for that region to no more than two (2) carriers; and

11 (e) Nothing in this subsection shall prohibit the Personnel Cabinet from including
12 other requirements or criteria in the request for proposal.

13 (19) Any fully insured health benefit plan or self-insured plan issued or renewed on or
14 after July 12, 2006, to public employees pursuant to this section which provides
15 coverage for services rendered by a physician or osteopath duly licensed under KRS
16 Chapter 311 that are within the scope of practice of an optometrist duly licensed
17 under the provisions of KRS Chapter 320 shall provide the same payment of
18 coverage to optometrists as allowed for those services rendered by physicians or
19 osteopaths.

20 (20) Any fully insured health benefit plan or self-insured plan issued or renewed on or
21 after July 12, 2006, to public employees pursuant to this section shall comply with
22 the provisions of KRS 304.17A-270 and 304.17A-525.

23 (21) Any full insured health benefit plan or self insured plan issued or renewed on or
24 after July 12, 2006, to public employees shall comply with KRS 304.17A-600 to
25 304.17A-633 pertaining to utilization review, KRS 205.593 and 304.17A-700 to
26 304.17A-730 pertaining to payment of claims, KRS 304.14-135 pertaining to
27 uniform health insurance claim forms, KRS 304.17A-580 and 304.17A-641

1 pertaining to emergency medical care, KRS 304.99-123, and any administrative
2 regulations promulgated thereunder.

3 ➔Section 29. KRS 18A.226 is amended to read as follows:

4 (1) To provide quality, affordable health insurance coverage so that the Commonwealth
5 can attract and retain able and dedicated public employees, and to facilitate the need
6 for comprehensive and efficient planning, implementation, and administration of a
7 state employee health insurance program in order to meet this goal, the Kentucky
8 Group Health Insurance Board is created. The board shall be attached to the
9 Personnel Cabinet for administrative purposes only. The board shall consist of
10 thirteen (13) members as follows:

- 11 (a) The secretary of the Finance and Administration Cabinet;
- 12 (b) The secretary of the Personnel Cabinet;
- 13 (c) The state budget director;
- 14 (d) The commissioner of education;
- 15 (e) The chair of the Advisory Committee of State Health Insurance Subscribers;
- 16 (f) The commissioner~~executive director~~ of insurance, ex officio;
- 17 (g) The Auditor of Public Accounts, ex officio;
- 18 (h) The Director of the Administrative Office of the Courts, or his designee;
- 19 (i) One (1) retired state employee appointed by the Kentucky Retirement
20 Systems, who shall serve an initial term of one (1) year;
- 21 (j) One (1) retired teacher appointed by the Teachers' Retirement System, who
22 shall serve an initial term of two (2) years;
- 23 (k) One (1) active teacher appointed by the organization with the largest number
24 of teacher members on payroll deduction, who shall serve an initial term of
25 one (1) year;
- 26 (l) One (1) active state employee appointed by the organization with the largest
27 number of state employee members on payroll deduction, who shall serve an

1 initial term of two (2) years; and

2 (m) One (1) active classified education support employee appointed by the
3 organization with the largest number of classified education support employee
4 members on payroll deduction, who shall serve an initial term of one (1) year.

5 As each appointed member's term expires, the vacancy created shall be filled by the
6 appointing authority for that position for a term of two (2) years. An appointment to
7 fill an unexpired term of an appointed member shall be made by the designated
8 appointing authority for the remainder of the term. Appointed terms shall begin
9 effective October 1.

10 (2) The members of the board shall elect from among its members a chair and a vice
11 chair.

12 (3) Regular meetings of the board shall be held at least once every month at a place,
13 day, and time determined by the board. Special meetings of the board shall be held
14 when needed as determined by the chair. If seven (7) or more members of the board
15 request in writing that the chair call a special meeting, the chair shall call a special
16 meeting. The meetings shall operate in accordance with the provisions of the Open
17 Meetings Law under KRS 61.805 to 61.850.

18 (4) Members of the board shall receive reimbursement for necessary expenses for
19 attendance at official board meetings or public hearings.

20 (5) The Kentucky Group Health Insurance Board shall:

21 (a) Engage in analyses and research to identify the factors and parameters that
22 affect the state group health insurance program;

23 (b) Develop and transmit, by October 1 of each year beginning October 1, 2001,
24 to the Governor, the General Assembly, and the Chief Justice of the Supreme
25 Court, policy recommendations regarding benefit options and management of
26 the state group health insurance program; and

27 (c) Provide in the first report, due by October 1, 2001, the following:

- 1 1. Analysis and discussion of methods used by all other states to provide
- 2 health insurance benefits to their state group; and
- 3 2. Analysis and discussion of the cost, enrollment, claims, and utilization
- 4 data for calendar year 2000 on the Kentucky state group; and
- 5 3. Recommendations including but not limited to appropriate structures for
- 6 the state contribution rate which shall include recommendations on
- 7 increasing the state contribution to provide support for dependent
- 8 coverage, possible methods to mitigate adverse selection, competitive
- 9 plan designs by type and benefit options, the feasibility of a state self-
- 10 insurance plan, and strategies for evaluating third-party administrators
- 11 and vendors.

12 ➔Section 30. KRS 39B.050 is amended to read as follows:

- 13 (1) Each local emergency management director shall establish and maintain a local
- 14 disaster and emergency services organization in accordance with a city or county or
- 15 city/county emergency operations plan required pursuant to KRS Chapters 39A to
- 16 39F. The local disaster and emergency services organization shall be comprised of
- 17 the following members and participants:
- 18 (a) The county judge/executive and mayors, or the chief executive of other local
- 19 governments;
- 20 (b) Elected legislative officials of the county and cities;
- 21 (c) The local emergency management director and all local emergency
- 22 management agency staff members and workers, or emergency management
- 23 agency-supervised operating units or personnel;
- 24 (d) All regular or volunteer public safety or emergency services department heads
- 25 or agency chiefs in the cities or county;
- 26 (e) All regular or volunteer public safety or emergency services department or
- 27 agency members in the cities or county;

- 1 (f) All districts, corporations, public agencies, groups, or political subdivisions of
 2 the state and special districts within the county or the cities thereof, which are
 3 organized under the laws of the Commonwealth to provide an emergency
 4 response service or related function in the interest of public safety; and
- 5 (g) All private sector personnel, agencies, organizations, companies, businesses,
 6 or individuals and citizens who agree to provide their assets, resources,
 7 talents, services, or supplies in aid to the local disaster and emergency services
 8 organization of the cities or county in accordance with the approved local
 9 emergency operations plan of the city, county, urban-county government, or
 10 charter county government.
- 11 (2) The local disaster and emergency services organization shall have responsibility for
 12 the performance of all disaster and emergency response functions contemplated in
 13 KRS 39A.010, 39A.020, or 39A.030 and as listed or assigned in the city, county, or
 14 city/county emergency operations plan, except that the Division of Forestry of the
 15 **Energy and Environment**~~[Environmental and Public Protection]~~ Cabinet shall have
 16 primary responsibility for directing the implementation of all forest fire emergency
 17 responses consistent with KRS Chapter 149. Disaster and emergency response
 18 functions may be assigned within the local disaster and emergency services
 19 organization to existing agencies and organizations, public and private. It shall not
 20 be necessary for the local disaster and emergency services organization to create,
 21 provide, or maintain an additional or auxiliary capability for any existing function
 22 or service deemed adequate to local needs.
- 23 (3) The local disaster and emergency services organization shall be the primary disaster
 24 and emergency response force of city, county, urban-county government, or charter
 25 county government and an organizational component of the integrated emergency
 26 management system of the Commonwealth. The local emergency management
 27 director shall have primary responsibility for the coordination of all disaster and

1 emergency response of the local disaster and emergency services organization for an
 2 emergency, declared emergency, disaster, or catastrophe.

3 ➔Section 31. KRS 39E.030 is amended to read as follows:

- 4 (1) The commission shall be composed of not more than twenty-five (25) members and
 5 shall be chaired by the director of the Division of Emergency Management of the
 6 Department of Military Affairs, who shall also be a member. Other members shall
 7 include, but not be limited to, the executive director of the Commission on Fire
 8 Protection Personnel Standards and Education or the executive director's designee,
 9 representatives of the Energy and Environment~~Environmental and Public~~
 10 ~~Protection~~ Cabinet,~~[the office of]~~ the state fire marshal, the Department of
 11 Kentucky State Police, the Office of the Attorney General, affected industry, local
 12 government, health services, environmental interests, and other persons who have
 13 technical expertise in the emergency response field as the Governor deems
 14 appropriate.
- 15 (2) Members of the commission shall be appointed by the Governor. All appointments
 16 shall be for a term of two (2) years. Members shall serve until their successors are
 17 appointed and qualified and shall be eligible for reappointment.
- 18 (3) The commission shall meet not less than semi-annually, or as convened by the
 19 chairman.
- 20 (4) If a member misses three (3) consecutive meetings of the full commission or three
 21 (3) meetings in two (2) consecutive years, the position shall be declared vacant by
 22 the commission. In these cases, the Governor shall make an appointment to fill the
 23 unexpired term.
- 24 (5) The presence of thirteen (13) members shall constitute a quorum and actions taken
 25 at these meetings shall be considered as actions of the full commission.
- 26 (6) Members of the commission shall not receive a salary for serving on the
 27 commission, but travel and per diem may be paid if funds are appropriated or

1 otherwise made available for these purposes.

2 ➔ Section 32. KRS 42.0651 is amended to read as follows:

3 (1) The Office of Policy and Audit shall:

4 (a) Oversee and assist the management of the state fire and tornado insurance
5 fund established in KRS Chapter 56;

6 (b) Develop and manage programs of risk assessment and insurance for the
7 protection of state property not covered by the state fire and tornado insurance
8 fund;

9 (c) Advise the secretary of the Finance and Administration Cabinet on the fiscal
10 management of programs relating to life insurance, workers' compensation,
11 and health care benefits for state employees;

12 (d) Serve as the central clearinghouse for coordinating and evaluating existing
13 and new risk management programs within all state agencies;

14 (e) Develop financing techniques for risk protection; and

15 (f) Develop and implement other risk management, insurance, and self-insurance
16 programs or other functions and duties as the secretary of the Finance and
17 Administration Cabinet may direct the office to undertake and implement
18 within the general statutory authority and control of the Finance and
19 Administration Cabinet over state property and fiscal affairs of the executive
20 branch of state government, including, but not limited to, those areas
21 pertaining to tort and contractual liability, fidelity, and property risks.

22 (2) Nothing in this section shall be construed or interpreted as affecting the operation of
23 the employee benefit programs generally administered by the Division of Employee
24 Benefits within the Personnel Cabinet and of the State Risk and Insurance Services
25 programs administered by the Finance and Administration Cabinet~~[Office of~~
26 ~~Insurance]~~. However, both of those departments shall coordinate the operation of
27 life insurance, workers' compensation, health care benefit programs, and other self-

1 insured programs with the Office of Policy and Audit.

2 (3) All cabinets, departments, boards, commissions, and other state agencies shall
3 provide to the Office of Policy and Audit the technical advice and other assistance
4 the Office of Policy and Audit or the secretary of the Finance and Administration
5 Cabinet shall request in the performance of the functions of the office as described
6 in this section.

7 (4) The secretary of the Finance and Administration Cabinet shall have the power and
8 authority to promulgate administrative regulations pursuant to KRS Chapter 13A
9 for purposes of implementing a risk management program for the executive branch
10 of state government. Any administrative regulations promulgated by the secretary
11 shall be administered by the Office of Policy and Audit.

12 ➔Section 33. KRS 42.566 is amended to read as follows:

13 (1) The funds appropriated by the General Assembly shall be expended in a manner
14 consistent with the judgments and settlements, as amended, which produced the oil
15 overcharge refunds, as follows:

16 (a) The sum of five hundred thousand dollars (\$500,000) or eight percent (8%) of
17 the amount appropriated each fiscal year, whichever is greater, shall be
18 distributed annually to the Energy and Environment~~Environmental and~~
19 ~~Public Protection~~ Cabinet for expenditure in the Institutional Conservation
20 Program established pursuant to Part G of Title III of the Energy Policy and
21 Conservation Act, 42 U.S.C. secs. 6371 et seq. The source of these funds shall
22 be deemed to be the trust funds produced by the Stripper Well litigation, In Re
23 Department of Energy Stripper Well Exemption Litigation, D.C. Kan., M.D.L.
24 No. 378, and the Diamond Shamrock litigation, Diamond Shamrock Refining
25 Co. v. Standard Oil of Indiana, D.C. Ind., Civil Action No. C-84-1432, and
26 interest accumulated thereon.

27 (b) The balance of the trust funds appropriated for expenditure in any fiscal year

1 shall be distributed to the Cabinet for Health and Family Services and
2 allocated as follows:

- 3 1. Forty percent (40%) of the trust funds received by the cabinet in any
4 fiscal year shall be allocated to the cabinet's program for weatherization
5 of low-income households established pursuant to Part A of the Energy
6 Conservation and Existing Buildings Act of 1976, 42 U.S.C. secs. 6861
7 et seq.; and
- 8 2. Sixty percent (60%) of the trust funds received by the cabinet in any
9 fiscal year shall be allocated to the cabinet's program for energy crisis or
10 prevention services for low-income households established pursuant to
11 the Low-Income Home Energy Assistance Act of 1981, 42 U.S.C. secs.
12 8621 et seq.

13 ➔Section 34. KRS 42.738 is amended to read as follows:

- 14 (1) The executive director shall establish and implement a statewide public safety
15 interoperability plan. This plan shall include the development of required
16 architecture and standards that will insure that new or upgraded Commonwealth
17 public safety communications systems will interoperate. The Kentucky Wireless
18 Interoperability Executive Committee shall be responsible for the evaluation and
19 recommendation of all wireless communications architecture, standards, and
20 strategies. The executive director shall provide direction, stewardship, leadership,
21 and general oversight of information technology and information resources. The
22 executive director shall report by September 15 annually to the Interim Joint
23 Committee on Seniors, Veterans, Military Affairs, and Public Protection and the
24 Interim Joint Committee on State Government on progress and activity by agencies
25 of the Commonwealth to comply with standards to achieve public safety
26 communications interoperability.

- 27 (2) The Kentucky Wireless Interoperability Executive Committee shall serve as the

1 advisory body for all wireless communications strategies presented by agencies of
2 the Commonwealth and local governments. All state agencies in the
3 Commonwealth shall present all project plans for primary wireless public safety
4 voice or data communications systems for review and recommendation by the
5 committee, and the committee shall forward the plans to the executive director for
6 final approval. Local government entities shall present project plans for primary
7 wireless public safety voice or data communications systems for review and
8 recommendation by the Kentucky Wireless Interoperability Executive Committee.

9 (3) The committee shall develop funding and support plans that provide for the
10 maintenance of and technological upgrades to the public safety shared
11 infrastructure, and shall make recommendations to the executive director, the
12 Governor's Office for Policy and Management, and the General Assembly.

13 (4) The executive director shall examine the project plans for primary wireless public
14 safety voice or data communications systems of state agencies as required by
15 subsection (2) of this section, and shall determine whether they meet the required
16 architecture and standards for primary wireless public safety voice or data
17 communications systems.

18 (5) The Kentucky Wireless Interoperability Executive Committee shall consist of
19 twenty (20) members as follows:

20 (a) A person knowledgeable in the field of wireless communications appointed by
21 the executive director who shall serve as chair;

22 (b) The executive director of the Office of Infrastructure Services,
23 Commonwealth Office of Technology;

24 (c) The executive director of Kentucky Educational Television, or the executive
25 director's designee;

26 (d) The chief information officer of the Transportation Cabinet;

27 (e) The chief information officer of the Justice and Public Safety Cabinet;

- 1 (f) The chief information officer of the Department of Kentucky State Police;
- 2 (g) The commissioner of the Department of Fish and Wildlife Resources, or the
- 3 commissioner's designee;
- 4 (h) The chief information officer of the Energy and Environment~~Environmental~~
- 5 ~~and Public Protection~~ Cabinet;
- 6 (i) The director of the Division of Emergency Management, Department of
- 7 Military Affairs;
- 8 (j) The executive director of the Kentucky Office of Homeland Security;
- 9 (k) The chief information officer, Department for Public Health, Cabinet for
- 10 Health and Family Services;
- 11 (l) A representative from an institution of postsecondary education appointed by
- 12 the Governor from a list of three (3) names submitted by the president of the
- 13 Council on Postsecondary Education;
- 14 (m) The executive director of the Center for Rural Development, or the executive
- 15 director's designee;
- 16 (n) A representative from a municipal government to be appointed by the
- 17 Governor from a list of three (3) names submitted by the Kentucky League of
- 18 Cities;
- 19 (o) A representative from a county government to be appointed by the Governor
- 20 from a list of three (3) names submitted by the Kentucky Association of
- 21 Counties;
- 22 (p) A representative from a municipal police department to be appointed by the
- 23 Governor from a list of three (3) names submitted by the Kentucky
- 24 Association of Chiefs of Police;
- 25 (q) A representative from a local fire department to be appointed by the Governor
- 26 from a list of three (3) names submitted by the Kentucky Association of Fire
- 27 Chiefs;

- 1 (r) A representative from a county sheriff's department to be appointed by the
2 Governor from a list of three (3) names submitted by the Kentucky Sheriffs'
3 Association;
- 4 (s) A representative from a local Emergency Medical Services agency to be
5 appointed by the Governor from a list of three (3) names submitted by the
6 Kentucky Board of Emergency Medical Services; and
- 7 (t) A representative from a local 911 dispatch center to be appointed by the
8 Governor from a list of three (3) names submitted by the Kentucky Chapter of
9 the National Emergency Number Association/Association of Public Safety
10 Communications Officials.
- 11 (6) Appointed members of the committee shall serve for a two (2) year term. Members
12 who serve by virtue of an office shall serve on the committee while they hold that
13 office.
- 14 (7) The committee shall meet quarterly, or as often as necessary for the conduct of its
15 business. A majority of the members shall constitute a quorum for the transaction of
16 business. Members' designees shall have voting privileges at committee meetings.
- 17 (8) The committee shall be attached to the Commonwealth Office of Technology for
18 administrative purposes only. Members shall not be paid and shall not be
19 reimbursed for travel expenses.
- 20 (9) The Public Safety Working Group is hereby created for the primary purpose of
21 fostering cooperation, planning, and development of the public safety frequency
22 spectrum as regulated by the Federal Communications Commission, including the
23 700 MHz public safety band. The group shall endeavor to bring about a seamless,
24 coordinated, and integrated public safety communications network for the safe,
25 effective, and efficient protection of life and property. The Public Safety Working
26 Group membership and other working group memberships deemed necessary shall
27 be appointed by the chair of the Kentucky Wireless Interoperability Executive

1 Committee.

2 (10) The committee may establish additional working groups as determined by the
3 committee.

4 ➔Section 35. KRS 42.740 is amended to read as follows:

5 (1) There is hereby established a Kentucky Geospatial Board, attached to the
6 Commonwealth Office of Technology for administrative purposes, to advise the
7 executive director of the Commonwealth Office of Technology on issues relating to
8 geographic information and geographic information systems.

9 (2) The board shall recommend policies and procedures that assist state and local
10 jurisdictions in developing, deploying, and leveraging geographic information
11 resources and geographic information systems technology for the purpose of
12 improving public administration.

13 (3) The board shall closely coordinate with users of geographic information systems to
14 recommend policies and procedures that ensure the maximum use of geographic
15 information by minimizing the redundancy of geographic information and
16 geographic information resources.

17 (4) The Kentucky Geospatial Board shall consist of twenty-four (24) members and one
18 (1) legislative liaison. The members shall be knowledgeable in the use and
19 application of geographic information systems technology and shall have sufficient
20 authority within their organizations to influence the implementation of council
21 recommendations.

22 (a) The board shall consist of:

- 23 1. The secretary of the Transportation Cabinet or his designee;
- 24 2. The secretary of the Cabinet for Health and Family Services or his or her
25 designee;
- 26 3. The director of the Kentucky Geological Survey or his designee;
- 27 4. The secretary of the Finance and Administration Cabinet or his

- 1 designee;
- 2 5. The executive director of the Commonwealth Office of Technology or
- 3 her or his designee, who shall serve as chair;
- 4 6. The secretary of the Economic Development Cabinet or his designee;
- 5 7. The commissioner of the Governor's Office for Local Development or
- 6 his designee;
- 7 8. The secretary of the Justice and Public Safety Cabinet or his designee;
- 8 9. One (1) member appointed by the Governor from a list of three (3)
- 9 persons submitted by the president of the Council on Postsecondary
- 10 Education;
- 11 10. The adjutant general of the Department of Military Affairs or his
- 12 designee;
- 13 11. The commissioner of the Department of Education or his designee;
- 14 12. The secretary of the Energy and Environment~~Environmental and~~
- 15 ~~Public Protection~~] Cabinet or his designee;
- 16 13. The Commissioner of the Department of Agriculture or his designee;
- 17 14. The secretary of the Tourism, Arts and Heritage Cabinet or his designee;
- 18 15. Two (2) members appointed by the Governor from a list of six (6)
- 19 persons submitted by the president of the Kentucky League of Cities;
- 20 16. Two (2) members appointed by the Governor from a list of six (6)
- 21 persons submitted by the president of the Kentucky Association of
- 22 Counties;
- 23 17. One (1) member appointed by the Governor from a list of three (3)
- 24 persons submitted by the president of the Kentucky Chapter of the
- 25 American Planning Association;
- 26 18. One (1) member appointed by the Governor from a list of three (3)
- 27 persons submitted by the president of the Kentucky Chamber of

1 Commerce;

2 19. One (1) member appointed by the Governor from a list of three (3)
3 persons submitted by the president of the Kentucky Association of Land
4 Surveyors;

5 20. One (1) member appointed by the Governor from a list of three (3)
6 persons submitted by the president of the Kentucky Society of
7 Professional Engineers;

8 21. One (1) member appointed by the Governor from a list of three (3)
9 persons submitted by the chairman of the Kentucky Board of Registered
10 Geologists; and

11 22. One (1) member appointed by the Governor from a list of three (3)
12 persons submitted by the president of the Council of Area Development
13 Districts.

14 (b) The board shall have one (1) nonvoting legislative liaison, to be appointed by
15 the Legislative Research Commission.

16 (5) The board may have committees and subcommittees as determined by the board or
17 an executive committee, if an executive committee exists.

18 (6) A member of the board shall not:

19 (a) Be an officer, employee, or paid consultant of a business entity that has, or of
20 a trade association for business entities that have, a substantial interest in the
21 geographic information industry and is doing business in the Commonwealth;

22 (b) Own, control, or have, directly or indirectly, more than ten percent (10%)
23 interest in a business entity that has a substantial interest in the geographic
24 information industry;

25 (c) Be in any manner connected with any contract or bid for furnishing any
26 governmental body of the Commonwealth with geographic information
27 systems, the computers on which they are automated, or a service related to

- 1 geographic information systems;
- 2 (d) Be a person required to register as a lobbyist because of activities for
- 3 compensation on behalf of a business entity that has, or on behalf of a trade
- 4 association of business entities that have, substantial interest in the geographic
- 5 information industry;
- 6 (e) Accept or receive money or another thing of value from an individual, firm, or
- 7 corporation to whom a contract may be awarded, directly or indirectly, by
- 8 rebate, gift, or otherwise; or
- 9 (f) Be liable to civil action or any action performed in good faith in the
- 10 performance of duties as a board member.
- 11 (7) Those board members specified in subsection (4)(a) of this section who serve by
- 12 virtue of an office shall serve on the board while they hold that office.
- 13 (8) Appointed members of the board shall serve for a term of four (4) years. Vacancies
- 14 in the membership of the board shall be filled in the same manner as the original
- 15 appointments. If a nominating organization changes its name, its successor
- 16 organization having the same responsibilities and purposes shall be the nominating
- 17 organization.
- 18 (9) The board shall have no funds of its own, and board members shall not receive
- 19 compensation of any kind from the board.
- 20 (10) A majority of the members shall constitute a quorum for the transaction of business.
- 21 Members' designees shall have voting privileges at board meetings.
- 22 ➔Section 36. KRS 43.071 is amended to read as follows:
- 23 (1) The Auditor of Public Accounts shall annually audit each county clerk concerning:
- 24 (a) All receipts due from the collection of motor vehicle and motorboat
- 25 registration fees, motor vehicle and motorboat licenses and other receipts due
- 26 the clerk pertaining to motor vehicles and motorboats as prescribed in KRS
- 27 Chapters 186, 186A and 235;

(b) All receipts due from the collection of motor vehicle usage tax as prescribed by KRS 138.460; and

(c) All receipts due from the collection of the ad valorem tax on motor vehicles and motorboats as prescribed by KRS 134.800.

These annual audits shall be completed by April 15 of the year following the year to be audited.

(2) The provisions of KRS 43.070 shall not apply to the separate and distinct duties imposed on the Auditor of Public Accounts pursuant to subsection (1) of this section. The audits specified in subsection (1) of this section shall be conducted prior to the audits mandated by KRS 43.070.

(3) Immediately upon completion of each audit, the Auditor of Public Accounts shall prepare a report of his findings noting any indebtedness to the Commonwealth. He shall furnish one (1) copy to the county clerk, one (1) copy to the secretary of the Transportation Cabinet, one (1) copy to the secretary of the Finance and Administration Cabinet and one (1) copy to the secretary of the Energy and Environment~~Environmental and Public Protection~~ Cabinet. If the county clerk objects to any findings of indebtedness in the Auditor's report, he shall file a written response with the Auditor within ten (10) days of his receipt of the report. The Auditor shall consider the written response and within thirty (30) days of its receipt issue a final report. If the county clerk wishes to object to any findings of indebtedness contained in the final report, he shall file a request within ten (10) days of his receipt of the final report for a hearing before a three (3) member panel composed of the secretary of transportation or his designee, the commissioner of the Department of Revenue or his designee, and the president of the Kentucky County Clerks Association or his designee. The hearing shall be conducted in accordance with the provisions of KRS Chapter 13B. The majority decision of this panel shall be determinative of any indebtedness to the Commonwealth. If the county clerk

1 wishes to appeal the decision of this panel, he shall file the appeal in the Circuit
2 Court for the county where he serves in accordance with KRS Chapter 13B.

3 ➔Section 37. KRS 45.850 is amended to read as follows:

4 (1) Appropriations for the capital construction and for the operating budget of a nuclear
5 waste disposal site owned by the Commonwealth shall be set forth as a major
6 program cost in the executive budget document for the Energy and
7 Environment~~[Environmental and Public Protection]~~ Cabinet.

8 (2) Appropriations for the regulating and monitoring of a nuclear waste disposal site
9 owned by the Commonwealth shall be set forth as a major program cost in the
10 executive budget document for the Cabinet for Health and Family Services.
11 Monitoring and water sampling and analyses shall be maintained and budgeted for
12 at a level to provide frequent and continuing evidence of the safety of the site.

13 (3) Operating costs associated with the daily maintenance of the site in excess of
14 allocations budgeted to the Energy and Environment~~[Environmental and Public~~
15 ~~Protection]~~ Cabinet, regulating and monitoring costs associated with normal
16 surveillance of the site in excess of allocations budgeted to the Cabinet for Health
17 and Family Services, and costs associated with an emergency at the site so declared
18 by the Governor shall be deemed necessary governmental expenses.

19 (4) In the event a request for funds is made pursuant to subsection (3) of this section, a
20 copy of the request and the justification for additional funds shall be forwarded to
21 the office of the Legislative Research Commission and to the Governor at the time
22 the request is made but no later than fifteen (15) days prior to the actual expenditure
23 of additional funds. The Legislative Research Commission or its designated
24 subcommittee may request further explanation of the need for additional funds.

25 (5) Subsections (3) and (4) of this section shall apply only to sites located in the
26 Commonwealth prior to July 15, 1980.

27 ➔Section 38. KRS 45A.022 is amended to read as follows:

1 (1) This chapter shall apply to all insurance contracts purchased by the Commonwealth,
 2 except where the commissioner~~[executive-director]~~ of insurance determines, with
 3 the concurrence of the secretary of Finance and Administration Cabinet, that:

4 (a) An emergency exists;

5 (b) Competition is not feasible; or

6 (c) The annual premium is less than ten thousand dollars (\$10,000).

7 (2) Notwithstanding subsection (1) of this section, the health insurance contract or
 8 contracts for state employees as authorized by KRS 18A.225 shall be subject to the
 9 provisions of KRS 45A.080, 45A.085 and 45A.090.

10 ➔ Section 39. KRS 56.065 is amended to read as follows:

11 As used in KRS 56.070 to 56.180, unless the context requires otherwise:

12 (1) "Subject of risk" means any or all property reasonably considered to be subject to
 13 loss or damage by any single occurrence of any event insured against.

14 (2) "Cabinet~~[Office]~~" means the Finance and Administration Cabinet~~[Office of~~
 15 ~~Insurance]~~.

16 ➔ Section 40. KRS 56.070 is amended to read as follows:

17 (1) The cabinet~~[Office of Insurance]~~ shall determine which state property shall be
 18 insured against loss by fire and other hazards. The cabinet~~[Office of Insurance]~~
 19 shall insure with a responsible company or companies authorized to do business in
 20 Kentucky all property financed under a statutory amortization plan, to the extent of
 21 the lien indebtedness upon the property or to the extent of its reasonable value,
 22 whichever is the lesser.

23 (2) Any officer or agent of the state having control or custody of any property belonging
 24 to or controlled or used by the state or any agency of the state may, with the
 25 approval of the secretary of the Finance and Administration Cabinet~~[and the Office~~
 26 ~~of Insurance]~~, from the funds allotted to such agency, purchase insurance of an
 27 additional kind or kinds which cannot properly be covered in the state fire and

1 tornado insurance fund.

2 ➔Section 41. KRS 56.080 is amended to read as follows:

3 Before July 1 of each year, the cabinet~~{Office of Insurance}~~ shall reconsider its appraisal
4 and valuation of public buildings and personal property belonging to or under the control
5 and use of the state or any state agency, and shall certify any changes in value to the
6 agency that has the custody or control of the property. The appraisal and valuation shall
7 equal the amount that the cabinet~~{Office of Insurance}~~ deems necessary to replace the
8 property at the time of the appraisal, which may be less actual depreciation.

9 ➔Section 42. KRS 56.090 is amended to read as follows:

10 Before July 1 of each year the cabinet~~{Office of Insurance}~~ shall fix, upon each public
11 building and upon each class of personal property belonging to or controlled or used by
12 the state or any agency of the state, the rate of premium that the cabinet~~{Office of~~
13 ~~Insurance}~~ deems to be the average rate charged by responsible insurance companies
14 doing business in this state for insurance against damage by fire and other hazards upon
15 property of like kind and degree of risk. The premium and insurance shall be calculated
16 upon ninety percent (90%) of the valuation. Before July 1 of each year the cabinet~~{Office~~
17 ~~of Insurance}~~ shall certify to the State Treasurer the premium to be charged against each
18 agency of the state.

19 ➔Section 43. KRS 56.095 is amended to read as follows:

20 Notwithstanding the provisions of any other law, KRS Chapter 45A shall apply to fire
21 and tornado insurance contracts entered into by the cabinet~~{Office of Insurance}~~, except
22 as provided in KRS 45A.022.

23 ➔Section 44. KRS 56.100 is amended to read as follows:

24 (1) Each fiscal year the State Treasurer shall deduct from any funds in his hands
25 payable to an agency for the care and maintenance of public buildings or property,
26 an amount equal to the premiums certified to him as chargeable against that agency.

27 The amount so debited shall be credited to an account kept by the State Treasurer

1 and known as the state fire and tornado insurance fund. No premium shall be
 2 charged on any one (1) subject of risk upon a valuation of more than five hundred
 3 thousand dollars (\$500,000) unless the cabinet~~[Office of Insurance]~~ has contracted
 4 for reinsurance that limits the liability of the fund to five hundred thousand dollars
 5 (\$500,000) upon such subject of risk.

6 (2) The cabinet~~[office]~~ shall prescribe a certificate setting forth the terms and
 7 conditions of coverage under the state fire and tornado insurance fund. Different
 8 forms of certificates may be used for different risks. Such certificates may contain
 9 such terms and conditions as the cabinet~~[office]~~ may prescribe, including, but not
 10 limited to, a deductible in order that there be fair allocation of significant losses and
 11 the elimination of unnecessary costs in administering the state fire and tornado
 12 insurance fund.

13 ➔Section 45. KRS 56.110 is amended to read as follows:

14 In case any building or other property belonging to the state or a state agency is damaged
 15 by any of the perils insured against, except as otherwise provided in KRS 56.070 to
 16 56.180, the agency having control or custody over the property shall within thirty (30)
 17 days certify the event to the cabinet~~[Office of Insurance]~~. After receiving in any manner
 18 knowledge of the event, the cabinet~~[Office of Insurance]~~ shall ascertain and fix the
 19 amount of damage and file with the State Treasurer a statement thereof. If the agency
 20 having control or custody of the property disagrees with the estimate of damage, the
 21 agency and the cabinet~~[Office of Insurance]~~ shall each appoint one (1) member of a board
 22 of appraisers, which two (2) members shall select a third member. An award in writing,
 23 submitted by the board of appraisers to the State Treasurer, shall determine the amount of
 24 damage.

25 ➔Section 46. KRS 56.120 is amended to read as follows:

26 When the amount of damage has been determined, the State Treasurer shall debit the
 27 account of the state fire and tornado insurance fund by that amount and credit with an

1 equal amount the account of the agency that has control or custody of the property
 2 damaged, and upon warrant from the Finance and Administration Cabinet, the Treasurer
 3 shall pay to the agency the amount so credited to it, for the purpose of repairing the
 4 damage or reconstructing or replacing the damaged or destroyed property. If the agency
 5 deems it impracticable or undesirable to use the money for repair, reconstruction, or
 6 replacement of the property damaged or destroyed, it may, with the approval of the
 7 Finance and Administration Cabinet, and subject to the provisions of KRS 56.491,
 8 expend said funds for the acquisition, repair, construction, or reconstruction of property
 9 similar to the property damaged or destroyed. No debit, credit, or payment made on
 10 account of the damage to any one (1) subject of risk, by any one (1) loss, shall be in
 11 excess of five hundred thousand dollars (\$500,000), unless the cabinet~~Office of~~
 12 ~~Insurance~~ has effected reinsurance upon the subject of risk such as to limit the liability of
 13 the state fire and tornado insurance fund to five hundred thousand dollars (\$500,000), and
 14 unless the excess over this amount has actually been paid into the fund by the reinsuring
 15 company or companies.

16 ➔Section 47. KRS 56.150 is amended to read as follows:

17 The cabinet~~Office of Insurance~~ and the State Treasurer may employ such assistance and
 18 incur such expenses as are necessary to carry out the purposes of KRS 56.070 to 56.180~~],~~
 19 ~~subject to approval in advance by the Finance and Administration Cabinet~~. All such
 20 expenses may be debited against the state fire and tornado insurance fund, and paid on
 21 warrant of the ~~[Finance and Administration]~~cabinet, but the total of such expenses during
 22 any fiscal year shall not exceed ten percent (10%) of the total receipts of the fund during
 23 the same fiscal year. If such expenses are incurred at a time when there is not a sufficient
 24 amount in the fund to pay them, they shall constitute a prior claim to be paid out of the
 25 first receipts of the fund thereafter before any damages on account of insured losses are
 26 paid.

27 ➔Section 48. KRS 56.160 is amended to read as follows:

1 ~~[With the approval of]The [Finance and Administration]cabinet[, the Office of~~
 2 ~~Insurance]~~ may contract with any responsible fire and tornado insurance or reinsurance
 3 company authorized to do business in Kentucky to reinsure any subject of risk of which
 4 the total valuation has been fixed at over five hundred thousand dollars (\$500,000) in
 5 such a way as to limit the net liability of the state fire and tornado insurance fund with
 6 respect to such subject of risk to five hundred thousand dollars (\$500,000). The premium
 7 for reinsurance shall be paid out of the state fire and tornado insurance fund, on warrant
 8 of the ~~[Finance and Administration]cabinet~~.

9 ➔ Section 49. KRS 56.170 is amended to read as follows:

10 The ~~cabinet~~~~[Office of Insurance]~~ shall annually have an inspection made of each building
 11 and its contents owned by the state or any agency thereof, for the purpose of determining
 12 the unnecessary causes of a fire hazard therein, and shall make recommendations to the
 13 agency having control or custody of the building relative to the removal or correction of
 14 the hazard. Reasonable differences in the premium chargeable against the agency on
 15 account of the building and its contents may be made contingent upon compliance with
 16 such recommendations.

17 ➔ Section 50. KRS 56.185 is amended to read as follows:

18 (1) All state agencies shall comply with the requirements of the National Flood
 19 Insurance Program when constructing state buildings, structures, roads, or other
 20 facilities in a flood plain.

21 (2) The Finance and Administration Cabinet shall issue regulations to ensure
 22 compliance with subsection (1) of this section.

23 (3) The ~~Energy and Environment~~~~[Environmental and Public Protection]~~ Cabinet shall
 24 assist the Finance and Administration Cabinet in interpreting the federal law and
 25 regulations relating to the National Flood Insurance Program.

26 (4) The Finance and Administration Cabinet shall submit to the Legislative Research
 27 Commission verification of the proper initial implementation of this section and

1 shall annually report to the Commission on its continued implementation.

2 ➔Section 51. KRS 56.480 is amended to read as follows:

3 The cabinet may appoint qualified licensed engineers and qualified graduate engineers
 4 may be appointed for a period not to exceed one (1) year without obtaining a license, who
 5 shall perform duties delegated to them from time to time by the secretary of the Finance
 6 and Administration Cabinet. The cabinet shall prepare necessary plans and specifications,
 7 shall investigate and make studies of the comparative need and demand for acquiring
 8 lands, or for the construction or reconstruction or structural maintenance of buildings, or
 9 the purchase, installation or construction of equipment, facilities or furnishings incidental
 10 or pertaining thereto, and shall make the estimates of cost required in connection with or
 11 incidental to the development, purchase, acquisition or construction of the foregoing. The
 12 engineering staff shall give technical assistance and perform other duties the secretary of
 13 the Finance and Administration Cabinet requires. Review of construction plans for
 14 conformance with the Uniform State Building Code shall be conducted by the
 15 Department~~Office~~ of Housing, Buildings and Construction.

16 ➔Section 52. KRS 56.491 is amended to read as follows:

17 (1) No state agency shall have power or authority to make plans and specifications,
 18 provide public notice of invitations for bids, let contracts, or incur any financing
 19 commitments, either in the way of a charge against public funds or in the way of
 20 negotiations for issuance of revenue bonds, for any capital construction projects
 21 involving the improvement of lands or the construction, alteration, reconstruction,
 22 or major repair of any building or other structure, or sewage disposal or water
 23 supply system, requiring the expenditure of more than two hundred fifty thousand
 24 dollars (\$250,000) without first securing the approval of the Finance and
 25 Administration Cabinet.

26 (2) The state agency seeking the approval shall submit to the Finance and
 27 Administration Cabinet a general description of the proposed project, with the

1 detailed information the cabinet may require. Review of construction plans for
 2 conformance with the Uniform State Building Code shall be conducted by the
 3 Department~~{Office}~~ of Housing, Buildings and Construction. The Finance and
 4 Administration Cabinet shall not approve any project requiring its approval in any
 5 instance if it finds that: the project is not needed; the proposed method of financing
 6 is not sound; the project will exceed the amount of the funds available therefor; the
 7 work contemplated will be insufficient to accomplish the purpose of the project; or
 8 after providing for the ordinary recurring expenses of government and debt service
 9 and for payments under existing allotments for extraordinary expenses and capital
 10 outlay, cash will not be available in the State Treasury to promptly pay for the work
 11 during the biennium, or except as provided in subsection (5) of this section, that the
 12 work is to be done by employees of the agency.

13 (3) The finding of the Finance and Administration Cabinet shall be final, except in
 14 cases where the issuance and sale of bonds is proposed, in which cases the cabinet
 15 shall submit its findings to the commission for final approval, modification, or
 16 disapproval.

17 (4) Any capital construction project, the total cost of completion of which the Finance
 18 and Administration Cabinet determines will exceed two hundred fifty thousand
 19 dollars (\$250,000), shall be contracted for on a competitive bid basis, and the
 20 execution of the contracts shall be approved and authorized by the cabinet. When a
 21 capital construction project has been approved as provided in this section, in whole
 22 or in part, the cabinet shall prepare the plans and specifications, provide public
 23 notice of invitations for bids, award the contracts, supervise the construction, and
 24 handle the financial negotiations on behalf of the requesting state agency; or with
 25 prior written approval, the cabinet may authorize a state agency to do so with
 26 delegated authority of the cabinet.

27 (5) A capital construction project, the total cost of completion of which the Finance and

Administration Cabinet determines will not exceed two hundred fifty thousand dollars (\$250,000), may be performed by the employees of the requesting agency or by individuals hired specifically for the project who shall be exempt from the requirements of KRS Chapter 18A, if the project is approved and authorized by the cabinet. Necessary materials and supplies shall be procured in accordance with the standard purchasing procedures and policies of the cabinet as defined in KRS Chapter 45A.

(6) This section shall not apply to capital outlays to the Department of Highways for roads and bridges.

(7) This section shall not apply to capital outlays by the Justice and Public Safety Cabinet for repair, maintenance, improvement, or expansion of present correctional facilities on which projects inmates are used. Any capital construction project to be performed by the Justice and Public Safety Cabinet shall be approved and authorized by the Finance and Administration Cabinet.

(8) This section shall not apply to surveys capable of being performed by employees of the Department of Fish and Wildlife Resources. Boundary surveys or surveys involving property lines shall be performed by or under the supervision of an employee possessing a professional land surveyor license.

➔Section 53. KRS 56.776 is amended to read as follows:

The cabinet, with the assistance of the *Department for Energy Development and Independence*~~[Governor's Office of Energy Policy]~~, shall institute an energy audit training program to identify energy saving techniques for state-owned building maintenance staff. Additional programs shall be developed to educate state employees and other building occupants on energy awareness and practices to reduce energy use in state-owned buildings. Local government employees may be included in training and educational programs.

➔Section 54. KRS 56.777 is amended to read as follows:

- 1 (1) A High-Performance Buildings Advisory Committee is hereby created and shall be
- 2 administratively staffed by the cabinet.
- 3 (2) The committee shall consist of fifteen (15) members and shall include:
- 4 (a) A representative of the cabinet designated by the secretary;
- 5 (b) A representative of the Tourism, Arts and Heritage Cabinet designated by the
- 6 secretary;
- 7 (c) A representative of the Department of Education designated by the
- 8 commissioner;
- 9 (d) A representative of the Council on Postsecondary Education designated by the
- 10 president;
- 11 (e) A representative of the Department for Energy Development and
- 12 Independence~~[Governor's Office of Energy Policy]~~ designated by the
- 13 commissioner~~[executive director]~~; and
- 14 (f) A representative appointed by the Governor from each of the following:
- 15 1. The design and construction industry involved in public works
- 16 contracting;
- 17 2. The Kentucky Chapter of the U. S. Green Building Council;
- 18 3. The University of Kentucky College of Design;
- 19 4. The Kentucky Forest Industries Association;
- 20 5. The Kentucky Society of the American Institute of Architects;
- 21 6. The American Society of Heating, Refrigerating, and Air-Conditioning
- 22 Engineers; and
- 23 7. The Home Builders Association of Kentucky;
- 24 8. The Associated General Contractors of Kentucky;
- 25 9. The West Kentucky Construction Association; and
- 26 10. The Kentucky Manufactured Housing Institute.
- 27 (3) The representative of the cabinet shall serve as the chairperson of the committee.

1 All appointments shall be for a term of two (2) years. Committee members shall
2 serve until their successors are appointed and shall be eligible for reappointment.

3 (4) The committee shall meet at least monthly or as convened by the chairperson.

4 (5) The members of the committee shall receive reimbursement for the cost of travel to
5 and from the meetings and any costs necessarily incurred in carrying out their
6 duties.

7 (6) The committee shall:

8 (a) Consult with architects, engineers, builders, energy and conservation
9 organizations, and other interested stakeholders, and make recommendations
10 to the cabinet regarding:

11 1. Standards and benchmarks developed under existing high-performance
12 building programs, including the ENERGY STAR rating system, Green
13 Globes rating system, and Leadership in Energy and Environmental
14 Design (LEED) Green Building rating system; and

15 2. Standards and guidelines developed and adopted by the U.S. Green
16 Building Council, the American Society of Heating, Refrigerating and
17 Air-Conditioning Engineers, and the Illuminating Engineering Society of
18 North America partnership concerning the design of sustainable
19 buildings to balance environmental responsibility, resource efficiency,
20 occupant comfort and well-being, and community sensitivity;

21 (b) Assist the cabinet in the review of state building projects to ensure that
22 building performance and efficiency are maximized to the extent
23 economically feasible using a life-cycle cost analysis;

24 (c) Assist the cabinet in developing a process of documentation of the attainment
25 of high-performance building standards; and

26 (d) Assist the cabinet in conducting an ongoing professional development
27 program for state and local building designers, construction companies, school

1 districts, building managers, and the general public on high-performance
2 building design, construction, maintenance, and operation.

3 (7) Prior to the implementation of KRS 56.770 to 56.784, the cabinet shall promulgate
4 administrative regulations pursuant to KRS Chapter 13A necessary to implement
5 this section. The cabinet shall consider the recommendations made by the High-
6 Performance Buildings Advisory Committee pursuant to subsection (6) of this
7 section and shall establish the criteria for the high-performance building standards
8 and the benchmarks by which the high-performance building standards will be
9 measured. At a minimum, the cabinet shall:

10 (a) Include the standards for site selection and management, water efficiency,
11 energy conservation, waste reduction, material and resource use, and indoor
12 air quality; and

13 (b) Require that each high-performance building be designed, constructed, or
14 renovated so that it is capable of being rated as an ENERGY STAR building
15 in accordance with the criteria and rating system adopted by the United States
16 Environmental Protection Agency and in effect at the time the building is
17 designed or, in the case of leased buildings, at the time the lease is entered
18 into on or after July 1, 2018.

19 (8) In developing the criteria for the high-performance building standards, the cabinet
20 shall consider and encourage the use of:

21 (a) Locally grown lumber from forest lands implementing sustainable practices
22 established by the American Tree Farm System's Sustainable Forest Initiative
23 or the Kentucky Forest Stewardship Program established under KRS 149.330
24 to 149.355;

25 (b) Building materials manufactured with recycled content within the
26 Commonwealth; and

27 (c) Renewable energy sources.

1 ➔ Section 55. KRS 61.592 is amended to read as follows:

- 2 (1) (a) "Hazardous position" for employees participating in the Kentucky Employees
 3 Retirement System, and for employees who begin participating in the County
 4 Employees Retirement System before September 1, 2008, means:
- 5 1. Any position whose principal duties involve active law enforcement,
 6 including the positions of probation and parole officer and
 7 Commonwealth detective, active fire suppression or prevention, or other
 8 positions, including, but not limited to, pilots of the Transportation
 9 Cabinet and paramedics and emergency medical technicians, with duties
 10 that require frequent exposure to a high degree of danger or peril and
 11 also require a high degree of physical conditioning; and
 - 12 2. Positions in the Department of Corrections in state correctional
 13 institutions and the Kentucky Correctional Psychiatric Center with
 14 duties that regularly and routinely require face-to-face contact with
 15 inmates.
- 16 (b) "Hazardous position" for employees who begin participating in the County
 17 Employees Retirement System on or after September 1, 2008, means police
 18 officers and firefighters as defined in KRS 61.315(1), paramedics, correctional
 19 officers with duties that routinely and regularly require face-to-face contact
 20 with inmates, and emergency medical technicians if:
- 21 1. The employee's duties require frequent exposure to a high degree of
 22 danger or peril and a high degree of physical conditioning; and
 - 23 2. The employee's duties are not primarily clerical or administrative.
- 24 (c) The effective date of participation under hazardous duty coverage for
 25 positions in the Department~~[Office]~~ of Alcoholic Beverage Control shall be
 26 April 1, 1998. The employer and employee contributions shall be paid by the
 27 employer and forwarded to the retirement system for the period not previously

1 reported.

2 (2) (a) Each employer may request of the board hazardous duty coverage for those
3 positions as defined in subsection (1) of this section. Upon request, each
4 employer shall certify to the system, in the manner prescribed by the board,
5 the names of all employees working in a hazardous position as defined in
6 subsection (1) of this section for which coverage is requested. The
7 certification of the employer shall bear the approval of the agent or agency
8 responsible for the budget of the department or county indicating that the
9 required employer contributions have been provided for in the budget of the
10 employing department or county. The system shall determine whether the
11 employees whose names have been certified by the employer are working in
12 positions meeting the definition of a hazardous position as provided by
13 subsection (1) of this section.

14 (b) Each employer desiring to provide hazardous duty coverage to employees who
15 begin participating in the County Employees Retirement System on or after
16 September 1, 2008, may request that the board approve hazardous duty
17 coverage for those positions that meet the criteria set forth in subsection (1)(b)
18 of this section. Each employer shall certify to the system, in the manner
19 prescribed by the board, the names of all employees working in a hazardous
20 position as defined in subsection (1)(b) of this section for which coverage is
21 requested and a job description for each position or employee. The
22 certification of the employer shall bear the approval of the agent or agency
23 responsible for the budget of the department or county indicating that the
24 required employer contributions have been provided for in the budget of the
25 employing department or county. Each employer shall also certify, under
26 penalty of perjury in accordance with KRS Chapter 523, that each employee's
27 actual job duties are accurately reflected in the job description provided to the

1 system. The system shall determine whether the employees whose names have
2 been certified by the employer are working in positions meeting the definition
3 of a hazardous position as defined in subsection (1)(b) of this section. The
4 board shall have the authority to remove any employee from hazardous duty
5 coverage if the board determines the employee is not working in a hazardous
6 duty position or if the employee is classified in a hazardous duty position but
7 has individual job duties that do not meet the definition of a hazardous duty
8 position or are not accurately reflected in the job descriptions filed by the
9 employer with the system.

10 (3) (a) An employee participating in the Kentucky Employees Retirement System
11 who is determined by the system to be working in a hazardous position in
12 accordance with subsection (2) of this section shall contribute, for each pay
13 period for which he receives compensation, eight percent (8%) of his
14 creditable compensation. An employee participating in the County Employees
15 Retirement System who is determined by the system to be working in a
16 hazardous duty position in accordance with subsection (2) of this section shall
17 contribute, for each pay period for which he receives compensation, eight
18 percent (8%) of his creditable compensation.

19 (b) Each employer shall pay employer contributions based on the creditable
20 compensation of the employees determined by the system to be working in a
21 hazardous position at the employer contribution rate as determined by the
22 board. The rate shall be determined by actuarial methods consistent with the
23 provisions of KRS 61.565.

24 (c) If the employer participated in the system prior to electing hazardous duty
25 coverage, the employer may pay to the system the cost of converting the
26 nonhazardous service to hazardous service from the date of participation to
27 the date the payment is made, or the employer may establish a payment

1 schedule for payment of the cost of the hazardous service above that which
 2 would be funded within the existing employer contribution rate. The employer
 3 may extend the payment schedule to a maximum of thirty (30) years.
 4 Payments made by the employer under this subsection shall be deposited to
 5 the retirement allowance account of the proper retirement system and these
 6 funds shall not be considered accumulated contributions of the individual
 7 members. If the employer elects not to make the additional payment, the
 8 employee may make the lump-sum payment in his own behalf or may pay by
 9 increments. Payments made by the employee under this subsection shall not
 10 be picked up, as described in KRS 61.560(4), by the employer. If neither the
 11 employer nor employee makes the payment, the service prior to hazardous
 12 coverage shall remain nonhazardous.

13 (4) The normal retirement age, retirement allowance, other benefits, eligibility
 14 requirements, rights, and responsibilities of a member in a hazardous position, as
 15 prescribed by subsections (1), (2), and (3) of this section, and the responsibilities,
 16 rights, and requirements of his employer shall be as prescribed for a member and
 17 employer participating in the State Police Retirement System as provided for by
 18 KRS 16.505 to 16.652.

19 (5) Any person employed in a hazardous position after July 1, 1972, shall be required to
 20 undergo a thorough medical examination by a licensed physician, and a copy of the
 21 medical report of the physician shall be retained on file by the employee's
 22 department or county and made available to the system upon request.

23 (6) If doubt exists regarding the benefits payable to a hazardous position employee
 24 under this section, the board shall determine the benefits payable under KRS 61.510
 25 to 61.705, or 78.510 to 78.852, or 16.505 to 16.652.

26 ➔Section 56. KRS 62.160 is amended to read as follows:

27 (1) The state officers elected by the voters of the state at large, except the Governor and

the Lieutenant Governor, the heads of departments, offices, and cabinets of the state government, the adjutant general, the members of the Public Service Commission, the members of the State Fair Board and Fish and Wildlife Resources Commission, and the members of the Kentucky Board of Tax Appeals and the Alcoholic Beverage Control Board, shall each give bond. The amounts of the bonds shall be fixed by the Governor, which amounts as to those offices set forth in subsection (2) of this section shall be not less than the amounts set forth for the respective offices. At any time when it appears to be to the interest of the Commonwealth, the Governor may increase the penal sum of any bond or require a renewal of the bond with other or additional surety.

(2) The minimum sum of the bond for the following offices shall be as follows:

Secretary of State	\$10,000
Attorney General	10,000
State Treasurer	300,000
Secretary for economic development	10,000
Commissioner of Agriculture	10,000
Secretary for education	10,000
Auditor of Public Accounts	25,000
Adjutant general	10,000
Secretary of finance and administration	100,000
Commissioner of revenue	50,000
Secretary of transportation	50,000
Commissioner of highways	50,000
Secretary of justice and public safety	50,000
Secretary of corrections	25,000
Commissioner for public health services	10,000
<u>Secretary</u> Commissioner of labor	5,000

1	Commissioner for natural resources	50,000
2	State librarian	5,000
3	<u>Commissioner</u> [Executive director] of alcoholic beverage control	10,000
4	<u>Commissioner</u> [Executive director] of financial institutions	25,000
5	Secretary for <u>energy and environment</u>	
6	[environmental and public protection]	<u>50,000</u> [10,000]
7	<u>Commissioner</u> [Executive director] of insurance	50,000
8	Commissioner of vehicle regulation	10,000
9	Commissioner of fish and wildlife resources	5,000
10	Secretary for health and family services	20,000
11	Commissioner of environmental protection	10,000
12	<u>Secretary</u> [Commissioner] of public protection [and regulation]	10,000
13	Secretary of tourism, arts and heritage	25,000
14	Commissioner for community based services	20,000
15	Member of the Public Service Commission	10,000
16	Member of State Fair Board	10,000
17	Member of Fish and Wildlife Resources Commission	1,000
18	Member of Kentucky Board of Tax Appeals	10,000
19	Associate member of Alcoholic Beverage Control Board	5,000
20	Commissioner of local government	100,000

21 ➔ Section 57. KRS 62.170 is amended to read as follows:

- 22 (1) The secretary of the Finance and Administration Cabinet shall secure, except for
23 state officers required by KRS 62.160 to file bond, blanket bonds, with or without
24 cosureties, written on a blanket position form, to cover all other officers, employees,
25 or deputies of the Commonwealth of Kentucky, including all judges, clerks, and
26 employees of the Court of Justice, including all other members of boards or
27 commissions or employees of those boards or commissions, and including all

1 superintendents, receivers, or employees of penal or eleemosynary institutions
2 managed or directed by the Justice and Public Safety Cabinet, the Cabinet for
3 Health and Family Services, or any other department or agency of the
4 Commonwealth of Kentucky. Nothing in this subsection shall be deemed to prohibit
5 the securing of any such blanket position bond on a departmental, board,
6 commission, agency, or institutional basis.

7 (2) The secretary of the Finance and Administration Cabinet may secure one (1) or
8 more excess blanket bonds, with or without cosureties, to cover selected groups of
9 persons covered by the bond or bonds required in the preceding paragraph to
10 provide additional coverage which he or she may deem necessary by the exposures
11 indicated in accordance with the duties and responsibilities indicated by the
12 personnel classification schedules of the Personnel Cabinet and, for Court of Justice
13 officers and personnel, by the Administrative Office of the Courts and in
14 accordance with the amounts of money and property handled by the respective
15 officers and employees.

16 (3) Such bond or bonds shall be written by and participated in only by insurance
17 companies licensed by the Department~~{Office}~~ of Insurance to do business in this
18 state and shall be countersigned by a duly authorized licensed resident agent of the
19 company. The bonds may be written with or without cosureties. Further, the bonds
20 are to be a percentage of the total risks, the Department~~{Office}~~ of Insurance to
21 approve the amount of the risk written by any one (1) company.

22 (4) The penal amount of the bond secured pursuant to this section shall be fixed by the
23 secretary of the Finance and Administration Cabinet in accordance with the duties
24 and responsibilities indicated by the personnel classification schedules of the
25 Personnel Cabinet and, for Court of Justice officers and personnel, by the
26 Administrative Office of the Courts, and in accordance with the amounts of money
27 and property handled by the respective officers and employees.

1 ➔ Section 58. KRS 65.7045 is amended to read as follows:

2 As used in KRS 65.7041 to 65.7083:

3 (1) "Activation date" means the date established any time within a two (2) year period
 4 after the commencement date. The activation date is the date on which the time
 5 period for the pledge of incremental revenues shall commence. The governing body
 6 may extend the two (2) year period to no more than four (4) years upon written
 7 application by the agency requesting the extension. To implement the activation
 8 date, the agency that is a party to the local participation agreement or the local
 9 development area agreement shall notify the governing body that created the
 10 development area or local development area;

11 (2) "Agency" means:

12 (a) An urban renewal and community development agency established under
 13 KRS Chapter 99;

14 (b) A development authority established under KRS Chapter 99;

15 (c) A nonprofit corporation;

16 (d) A housing authority established under KRS Chapter 80;

17 (e) An air board established under KRS 183.132 to 183.160;

18 (f) A local industrial development authority established under KRS 154.50-301
 19 to 154.50-346;

20 (g) A riverport authority established under KRS 65.510 to 65.650; or

21 (h) A designated department, division, or office of a city or county;

22 (3) "Arena" means a facility which serves primarily as a venue for athletic events, live
 23 entertainment, and other performances, and which has a permanent seating capacity
 24 of at least five thousand (5,000);

25 (4) "Authority" means the Kentucky Economic Development Finance Authority
 26 established by KRS 154.20-010;

27 (5) "Brownfield site" means real property, the expansion, redevelopment, or reuse of

1 which may be complicated by the presence or potential presence of a hazardous
 2 substance, pollutant, or contaminant;

3 (6) "Capital investment" means:

4 (a) Obligations incurred for labor and to contractors, subcontractors, builders, and
 5 materialmen in connection with the acquisition, construction, installation,
 6 equipping, and rehabilitation of a project;

7 (b) The cost of acquiring land or rights in land within the development area on the
 8 footprint of the project, and any cost incident thereto, including recording
 9 fees;

10 (c) The cost of contract bonds and of insurance of all kinds that may be required
 11 or necessary during the course of acquisition, construction, installation,
 12 equipping, and rehabilitation of a project which is not paid by the contractor
 13 or contractors or otherwise provided;

14 (d) All costs of architectural and engineering services, including test borings,
 15 surveys, estimates, plans, specifications, preliminary investigations,
 16 supervision of construction, and the performance of all the duties required by
 17 or consequent upon the acquisition, construction, installation, equipping, and
 18 rehabilitation of a project;

19 (e) All costs that are required to be paid under the terms of any contract for the
 20 acquisition, construction, installation, equipping, and rehabilitation of a
 21 project; and

22 (f) All other costs of a nature comparable to those described in this subsection;

23 (7) "City" means any city, consolidated local government, or urban-county government;

24 (8) "Commencement date" means:

25 (a) The date on which a local development area agreement is executed; or

26 (b) The date on which a local participation agreement is executed;

27 (9) "Commonwealth" means the Commonwealth of Kentucky;

- 1 (10) "County" means any county, consolidated local government, charter county, unified
2 local government, or urban-county government;
- 3 (11) "Debt charges" means the principal, including any mandatory sinking fund deposits,
4 interest, and any redemption premium, payable on increment bonds as the payments
5 come due and are payable and any charges related to the payment of the foregoing;
- 6 (12) "Development area" means an area established under KRS 65.7049, 65.7051, and
7 65.7053;
- 8 (13) "Economic development projects" means projects which are approved for tax
9 credits under Subchapter 20, 22, 23, 24, 25, 26, 27, 28, 34, or 48 of KRS Chapter
10 154;
- 11 (14) "Establishment date" means the date on which a development area or a local
12 development area is created. If the development area, local development area,
13 development area plan, or local development area plan is modified or amended
14 subsequent to the original establishment date, the modifications or amendments
15 shall not extend the existence of the development area or local development area
16 beyond what would be permitted under KRS 65.7041 to 65.7083 from the original
17 establishment date;
- 18 (15) "Governing body" means the body possessing legislative authority in a city or
19 county;
- 20 (16) "Increment bonds" means bonds and notes issued for the purpose of paying the costs
21 of one (1) or more projects, or grant or loan programs as described in subsection
22 (29)(c) of this section, in a development area or a local development area;
- 23 (17) "Incremental revenues" means the amount of revenues received by a taxing district,
24 as determined by subtracting old revenues from new revenues in a calendar year
25 with respect to a development area, a project within a development area, or a local
26 development area;
- 27 (18) "Issuer" means a city, county, or agency issuing increment bonds;

1 (19) "Local development area" means a development area established under KRS
2 65.7047;

3 (20) "Local development area agreement" means an agreement entered into under KRS
4 65.7047;

5 (21) "Local participation agreement" means the agreement entered into under KRS
6 65.7063;

7 (22) "Local tax revenues" means:

8 (a) Revenues derived by a city or county from one (1) or more of the following
9 sources:

- 10 1. Real property ad valorem taxes;
- 11 2. Occupational license taxes, excluding occupational license taxes that
12 have already been pledged to support an economic development project
13 within the development area; and
- 14 3. The occupational license fee permitted by KRS 65.7056; and

15 (b) Revenues derived by any taxing district other than school districts or fire
16 districts from real property ad valorem taxes;

17 (23) "Low-income household" means a household in which gross income is no more
18 than two hundred percent (200%) of the poverty guidelines updated periodically in
19 the Federal Register by the United States Department of Health and Human
20 Services under the authority of 42 U.S.C. sec. 9902(2);

21 (24) "New revenues" means the amount of local tax revenues received by a taxing
22 district with respect to a development area or a local development area in any
23 calendar year beginning with the year in which the activation date occurred;

24 (25) "Old revenues" means the amount of local tax revenues received by a taxing district
25 with respect to a development area or a local development area during the last
26 calendar year prior to the commencement date. If the governing body determines
27 that the amount of local tax revenues received during the last calendar year prior to

1 the commencement date does not represent a true and accurate depiction of
 2 revenues, the governing body may consider revenues for a period of no longer than
 3 three (3) calendar years prior to the commencement date, so as to determine a fair
 4 representation of local tax revenues;

5 (26) "Outstanding" means increment bonds that have been issued, delivered, and paid for
 6 by the purchaser, except any of the following:

7 (a) Increment bonds canceled upon surrender, exchange, or transfer, or upon
 8 payment or redemption;

9 (b) Increment bonds in replacement of which or in exchange for which other
 10 increment bonds have been issued; or

11 (c) Increment bonds for the payment, redemption, or purchase for cancellation
 12 prior to maturity, of which sufficient moneys or investments, in accordance
 13 with the ordinance or other proceedings or any applicable law, by mandatory
 14 sinking fund redemption requirements, or otherwise, have been deposited, and
 15 credited in a sinking fund or with a trustee or paying or escrow agent, whether
 16 at or prior to their maturity or redemption, and, in the case of increment bonds
 17 to be redeemed prior to their stated maturity, notice of redemption has been
 18 given or satisfactory arrangements have been made for giving notice of that
 19 redemption, or waiver of that notice by or on behalf of the affected bond
 20 holders has been filed with the issuer or its agent;

21 (27) "Planning unit" means a planning commission established pursuant to KRS Chapter
 22 100;

23 (28) "Project" means any property, asset, or improvement located in a development area
 24 or a local development area and certified by the governing body as:

25 (a) Being for a public purpose; and

26 (b) Being for the development of facilities for residential, commercial, industrial,
 27 public, recreational, or other uses, or for open space, including the

1 development, rehabilitation, renovation, installation, improvement,
2 enlargement, or extension of real estate and buildings; and

3 (c) Contributing to economic development or tourism;

4 (29) "Redevelopment assistance," as utilized within a development area, includes the
5 following:

6 (a) Technical assistance programs to provide information and guidance to
7 existing, new, and potential businesses and residences;

8 (b) Programs to market and promote the development area and attract new
9 businesses and residents;

10 (c) Grant and loan programs to encourage the construction or rehabilitation of
11 residential, commercial, and industrial buildings; improve the appearance of
12 building facades and signage; and stimulate business start-ups and expansions;

13 (d) Programs to obtain a reduced interest rate, down payment, or other improved
14 terms for loans made by private, for-profit, or nonprofit lenders to encourage
15 the construction or rehabilitation of residential, commercial, and industrial
16 buildings; improve the appearance of building facades and signage; and
17 stimulate business start-ups and expansions;

18 (e) Local capital improvements, including but not limited to the installation,
19 construction, or reconstruction of streets, lighting, pedestrian amenities, public
20 utilities, public transportation facilities, public parking, parks, playgrounds,
21 recreational facilities, and public buildings and facilities;

22 (f) Improved or increased provision of public services, including but not limited
23 to police or security patrols, solid waste management, and street cleaning;

24 (g) Provision of technical, financial, or other assistance in connection with:

25 1. Applications to the Energy and Environment~~Environmental and~~
26 ~~Public Protection~~ Cabinet for a brownfields assessment or a No Further
27 Remediation Letter issued pursuant to KRS 224.01-450; or

- 1 2. Site remediation by means of the Voluntary Environmental Remediation
- 2 Program to remove environmental contamination in the development
- 3 area, or lots or parcels within it, pursuant to KRS 224.01-510 to 224.01-
- 4 532; and
- 5 (h) Direct development by a city, county, or agency of real property acquired by
- 6 the city, county, or agency. Direct development may include one (1) or more
- 7 of the following:
- 8 1. Assembly and replatting of lots or parcels;
- 9 2. Rehabilitation of existing structures and improvements;
- 10 3. Demolition of structures and improvements and construction of new
- 11 structures and improvements;
- 12 4. Programs of temporary or permanent relocation assistance for businesses
- 13 and residents;
- 14 5. The sale, lease, donation, or other permanent or temporary transfer of
- 15 real property to public agencies, persons, and entities both for profit and
- 16 nonprofit; and
- 17 6. The acquisition and construction of projects;
- 18 (30) "Service payment agreement" means an agreement between a city, county, or issuer
- 19 of increment bonds or other obligations and any person, whereby the person agrees
- 20 to guarantee the receipt of incremental revenues, or the payment of debt charges, or
- 21 any portion thereof, on increment bonds or other obligations issued by the city,
- 22 county, or issuer;
- 23 (31) "Special fund" means a special fund created under KRS 65.7061 in which all
- 24 incremental revenues shall be deposited;
- 25 (32) "Taxing district" means any city, county, or special taxing district other than school
- 26 districts and fire districts;
- 27 (33) "Tax incentive agreement" means an agreement entered into under KRS 154.30-

1 070; and

2 (34) "Termination date" means:

3 (a) For a development area, a date established by the ordinance creating the
4 development area that is no more than twenty (20) years from the
5 establishment date. If a tax incentive agreement for a project within a
6 development area or a local participation agreement relating to the
7 development area has a termination date that is later than the termination date
8 established in the ordinance, the termination date for the development area
9 shall be extended to the termination date of the tax incentive agreement, or
10 local participation agreement. However, the termination date for the
11 development area shall in no event be more than forty (40) years from the
12 establishment date;

13 (b) For a local development area, a date established by the ordinance creating the
14 local development area that is no more than twenty (20) years from the
15 establishment date, provided that if a local development area agreement
16 relating to the local development area has a termination date that is later than
17 the termination date established in the ordinance, the termination date for the
18 local development area shall be extended to the termination date of the local
19 development area agreement;

20 (c) For a local participation agreement, a date that is no more than twenty (20)
21 years from the activation date. However, the termination date for a local
22 participation agreement shall in no event be more than forty (40) years from
23 the establishment date of the development area to which the local participation
24 agreement relates; and

25 (d) For a local development area agreement, a date that is no more than twenty
26 (20) years from the activation date. However, the termination date for a local
27 development area agreement shall in no event be more than forty (40) years

1 from the establishment date of the local development area to which the
2 development area agreement relates.

3 ➔Section 59. KRS 67A.6901 is amended to read as follows:

4 As used in KRS 67A.6901 to 67A.6911:

- 5 (1) "Secretary~~[Commissioner]~~" means the secretary~~[commissioner]~~ of the
6 cabinet~~[department]~~;
- 7 (2) "Corrections personnel" means an employee of an urban-county government
8 permanently assigned to a detention facility and working in any capacity in that
9 detention facility;
- 10 (3) "Cabinet~~[Department]~~" means the Kentucky ~~[Department of]~~Labor ~~[within the~~
11 ~~Environmental and Public Protection]~~Cabinet;
- 12 (4) "Exclusive representative" means the labor organization which has been designated
13 by the cabinet~~[department]~~ as the representative of the majority of police officers,
14 firefighter personnel, firefighters, or corrections personnel in appropriate units or
15 has been so recognized by the urban-county government;
- 16 (5) "Firefighter" means an employee of an urban-county government engaged in serving
17 the public by providing fire protection, including those covered by KRS Chapter 95;
- 18 (6) "Firefighter personnel" means dispatch communications officers;
- 19 (7) "Labor organization" means any chartered labor organization of any kind in which
20 police officers, firefighter personnel, firefighters, or corrections personnel
21 participate and which exists for the primary purpose of dealing with urban-county
22 governments concerning grievances, labor disputes, wages, rate of pay, hours of
23 employment, or conditions of employment;
- 24 (8) "Person" includes one (1) or more individuals, labor organizations, associations,
25 corporations, legal representatives, trustees, trustees in bankruptcy, or receivers; and
- 26 (9) "Police officer" means an employee, sworn or certified, of an urban-county
27 government who participates in the Law Enforcement Foundation Program Fund

provided in KRS 15.410 to 15.510.

➔Section 60. KRS 67A.6902 is amended to read as follows:

(1) Police officers, firefighter personnel, firefighters, and corrections personnel of an urban-county government shall have, and shall be protected in the exercise of, the right of self-organization, to form, join, or assist any labor organization, to bargain collectively through representatives of their own choosing on questions of wages, hours, and other conditions of employment free from interference, restraint, or coercion.

(2) Labor organizations designated by the cabinet~~[department]~~ as the representative of the majority of police officers, firefighter personnel, firefighters, or corrections personnel in an appropriate unit or recognized by an urban-county government as the representative of the majority of employees in an appropriate unit shall be the exclusive representative for the employees of that unit for the purpose of collective bargaining with respect to rates of pay, wages, hours, and other conditions of employment.

(3) Labor organizations recognized by an urban-county government as the exclusive representative or so designated in accordance with the provisions of this section shall be responsible for representing the interests of all police officers, firefighter personnel, firefighters, or corrections personnel in the unit without discrimination.

➔Section 61. KRS 67A.6905 is amended to read as follows:

(1) Whenever, in accordance with administrative regulations that may be promulgated by the cabinet~~[department]~~, a petition has been filed:

(a) By a police officer, group of police officers, firefighter personnel, a firefighter, group of firefighters, a corrections officer, group of corrections personnel, or any labor organization acting on behalf of thirty percent (30%) of the employees who have signed labor organization affiliation cards and the labor organization showing proof of representation:

- 1 1. Alleging that they wish to be represented for collective bargaining by a
- 2 labor organization as exclusive representative; or
- 3 2. Asserting that the labor organization which has been certified or is
- 4 currently being recognized by the urban-county government as
- 5 bargaining representative is no longer the representative of the majority
- 6 of employees in the unit; or

7 (b) By an urban-county government alleging that one (1) or more labor

8 organizations has presented to it a claim to be recognized as the representative

9 of the majority of police officers, firefighter personnel, firefighters, or

10 corrections personnel in an appropriate unit;

11 the cabinet~~[department]~~ shall investigate the petition, and if it has reasonable cause

12 to believe that a question of representation exists, shall provide for an appropriate

13 hearing upon due notice. If the cabinet~~[department]~~ finds that there is a question of

14 representation, it shall direct an election by secret ballot to determine whether or by

15 which labor organization the police officers, firefighter personnel, firefighters, or

16 corrections personnel desire to be represented, and shall certify the result thereof to

17 the legislative council of the urban-county government.

18 (2) The cabinet~~[department]~~ shall decide in each case, in order to assure police officers,

19 firefighter personnel, firefighters, and corrections personnel the fullest freedom in

20 exercising the rights guaranteed by this section, the unit appropriate for the purposes

21 of collective bargaining, based on such factors as community of interest, wages,

22 hours, and other working conditions of the police officers, firefighter personnel,

23 firefighters, or corrections personnel involved; the history of collective bargaining;

24 and the desires of the police officers, firefighter personnel, firefighters, or

25 corrections personnel.

26 (3) An election shall not be directed in any bargaining unit or in any subdivision thereof

27 within which in the preceding twelve (12) month period a valid election has been

held. The cabinet~~[department]~~ shall determine who is eligible to vote in the election and shall promulgate administrative regulations governing the election. In any election where none of the choices on the ballot receives a majority, a runoff shall be conducted and the ballot shall provide for the selection between the two (2) choices receiving the largest and the second largest number of valid votes cast in the election. A labor organization which receives the majority of the votes cast in an election shall be certified by the cabinet~~[department]~~ as exclusive representative of all the police officers, firefighter personnel, firefighters, or corrections personnel in the unit.

(4) Nothing in this or any other law shall be construed to prohibit recognition of a labor organization as the exclusive representative by an urban-county government by mutual consent.

(5) No election shall be directed by the cabinet~~[department]~~ in any bargaining unit where there is in force and effect a valid collective bargaining agreement; provided, however, no collective bargaining agreement shall bar an election upon the petition of persons not parties thereto where more than four (4) years have elapsed since the execution of the agreement or the last timely renewal, whichever was later.

→ Section 62. KRS 67A.6906 is amended to read as follows:

Violations of the provisions of KRS 67A.6904 shall be deemed to be unfair labor practices remedial by the cabinet~~[department]~~ in the following manner.

(1) Whenever it is charged by an urban-county government or a labor organization that any person has engaged in or is engaging in any unfair labor practices, the cabinet~~[department]~~ or any hearing officer designated by the cabinet~~[department]~~ shall conduct an administrative hearing in accordance with KRS Chapter 13B.

(2) If, upon the preponderance of the evidence presented, the cabinet~~[department]~~ is of the opinion that any person named in the charge has engaged in or is engaging in an unfair labor practice, then it shall issue a final order requiring the person to cease

1 and desist from the unfair labor practice, and to take any affirmative action
 2 including reinstatement of police officers, firefighter personnel, firefighters, or
 3 corrections personnel with or without back pay, as will effectuate the policies of this
 4 section. The final order may further require the person to make reports from time to
 5 time showing the extent to which he or she has complied with the order. If, upon the
 6 preponderance of the evidence presented, the cabinet[department] is not of the
 7 opinion that the person named in the charge has engaged in or is engaging in the
 8 unfair labor practice, then the cabinet[department] shall issue a final order
 9 dismissing the complaint. No final order shall issue based upon any unfair labor
 10 practice occurring more than six (6) months prior to the filing of the charge with the
 11 cabinet[department], unless the person aggrieved thereby was prevented from filing
 12 the charge by reason of service in the Armed Forces, in which event, the six (6)
 13 month period shall be computed from the day of his or her discharge. No final order
 14 of the cabinet[department] shall require the reinstatement of any individual as a
 15 police officer, firefighter personnel, firefighter, or corrections personnel who has
 16 been suspended or discharged, or the payment to the individual of any back pay, if
 17 the individual was suspended or discharged for cause.

18 (3) Until a final order has been appealed, the cabinet[department] at any time, upon
 19 reasonable notice and in the manner that it deems proper, may modify or set aside,
 20 in whole or in part, any final order made or issued by it.

21 (4) The cabinet[department] or the charging party may petition for the enforcement of
 22 the final order and for appropriate temporary relief or restraining order in the Circuit
 23 Court for the county in which the violation occurred.

24 (5) Any person aggrieved by a final order of the cabinet[department] may obtain a
 25 review of the final order by filing a petition in the Circuit Court assigned
 26 jurisdiction under subsection (4) of this section in accordance with KRS Chapter
 27 13B.

1 ➔ Section 63. KRS 67A.6907 is amended to read as follows:

- 2 (1) If, after a reasonable period, but in no event less than thirty (30) days, of
3 negotiations over the terms of a new collective bargaining agreement or
4 modifications to an existing agreement, the parties to the negotiations are
5 deadlocked, either party or the parties jointly may petition the cabinet~~[department]~~,
6 by certified mail, return receipt requested, or by registered mail, to initiate fact-
7 finding.
- 8 (2) Upon receipt of a petition to initiate fact-finding, the cabinet~~[department]~~ shall
9 cause an investigation to determine whether or not the parties are deadlocked in
10 their negotiations. During the course of this investigation, the
11 secretary~~[commissioner]~~ is empowered to utilize his or her office in an effort to
12 effectuate a settlement between the parties through mediation and conciliation.
- 13 (3) Upon completion of the cabinet's~~[department's]~~ investigation, and if a settlement
14 between the parties has still not been reached, the secretary~~[commissioner]~~ shall
15 within ten (10) days appoint a qualified and disinterested person as the impartial
16 chairman of a three (3) member panel to function as the fact-finders. In addition to
17 the impartial chairman, the other two (2) members of the panel shall be one (1)
18 member named by the labor organization and one (1) member named by the urban-
19 county government, parties to the deadlocked negotiations.
- 20 (4) Upon consultation with the other members of the panel, the impartial chairman shall
21 establish dates and places for public hearings. Whenever feasible, public hearings
22 shall be held within the jurisdiction in which the urban-county government is
23 located. The panel may subpoena witnesses, and a written transcript of the hearing
24 shall be made. Upon completion of the hearings, the panel shall, by majority
25 decision, make written findings of fact, recommendations, and opinions to be served
26 on the urban-county government and labor organization parties and released to the
27 public. Expenses incurred by the three (3) member panel in this section shall be

1 paid by the parties involved in the labor dispute.

2 ➔ Section 64. KRS 67C.400 is amended to read as follows:

3 As used in KRS 67C.400 to 67C.418:

4 (1) "Cabinet~~[Department]~~" means the Kentucky ~~[Department of]~~Labor ~~[within the~~
5 ~~Environmental and Public Protection]~~Cabinet;

6 (2) "Labor organization" means any chartered labor organization of any kind in which
7 police officers participate and which exists for the primary purpose of dealing with
8 consolidated local governments concerning grievances, labor disputes, wages, rate
9 of pay, hours of employment, or conditions of employment;

10 (3) "Exclusive representative" means the labor organization which has been designated
11 by the cabinet~~[department]~~ as the representative of the majority of police officers in
12 appropriate units or has been so recognized by the consolidated local government;

13 (4) "Person" includes one (1) or more individuals, labor organizations, associations,
14 corporations, legal representatives, trustees, trustees in bankruptcy, or receivers; and

15 (5) "Secretary~~[Commissioner]~~" means the secretary~~[commissioner]~~ of the ~~[Department~~
16 ~~of]~~Labor Cabinet of the Commonwealth of Kentucky.

17 ➔ Section 65. KRS 67C.402 is amended to read as follows:

18 (1) Police officers of a consolidated local government shall have, and shall be protected
19 in the exercise of, the right of self-organization, to form, join, or assist any labor
20 organization, to bargain collectively through representatives of their own choosing
21 on questions of wages, hours, and other conditions of employment free from
22 interference, restraint, or coercion.

23 (2) Labor organizations designated by the cabinet~~[department]~~ as the representative of
24 the majority of police officers in an appropriate unit or recognized by a consolidated
25 local government as the representative of the majority of employees in an
26 appropriate unit shall be the exclusive representative for the employees of that unit
27 for the purpose of collective bargaining with respect to rates of pay, wages, hours,

1 and other conditions of employment.

2 (3) Labor organizations recognized by a consolidated local government as the exclusive
3 representative or so designated in accordance with the provisions of this section
4 shall be responsible for representing the interest of all police officers in the unit
5 without discrimination.

6 (4) When a labor organization has been designated in accordance with the provisions of
7 this section as the exclusive representative of police officers in an appropriate unit,
8 the mayor of a consolidated local government or his designated authorized
9 representative shall represent the consolidated local government in collective
10 bargaining with the labor organization.

11 ➔Section 66. KRS 67C.408 is amended to read as follows:

12 (1) Whenever, in accordance with administrative regulations that may be promulgated
13 by the cabinet~~[department]~~, a petition has been filed:

14 (a) By a police officer or group of police officers or any labor organization acting
15 in behalf of thirty percent (30%) of the employees who have signed labor
16 organization affiliation cards and the labor organization showing proof of
17 representation:

18 1. Alleging that they wish to be represented for collective bargaining by a
19 labor organization as exclusive representative; or

20 2. Asserting that the labor organization which has been certified or is
21 currently being recognized by the consolidated local government as
22 bargaining representative is no longer the representative of the majority
23 of employees in the unit; or

24 (b) By a consolidated local government alleging that one (1) or more labor
25 organizations has presented to it a claim to be recognized as the representative
26 of the majority of police officers in an appropriate unit;

27 The cabinet~~[department]~~ shall investigate the petition, and if it has reasonable cause

1 to believe that a question of representation exists, shall provide for an appropriate
 2 hearing upon due notice. If the cabinet[department] finds that there is a question of
 3 representation, it shall direct an election by secret ballot to determine whether or by
 4 which labor organization the police officers desire to be represented and shall
 5 certify the result thereof to the legislative council of the consolidated local
 6 government.

7 (2) The cabinet[department] shall decide in each case, in order to assure police officers
 8 the fullest freedom in exercising the rights guaranteed by this section, the unit
 9 appropriate for the purposes of collective bargaining, based on such factors as
 10 community of interest, wages, hours, and other working conditions of the police
 11 officers involved; the history of collective bargaining; and the desires of the police
 12 officers.

13 (3) An election shall not be directed in any bargaining unit or in any subdivision thereof
 14 within which in the preceding twelve (12) month period a valid election has been
 15 held. The cabinet[department] shall determine who is eligible to vote in the election
 16 and shall promulgate administrative regulations governing the election. In any
 17 election where none of the choices on the ballot receives a majority, a runoff shall
 18 be conducted, the ballot providing for the selection between the two (2) choices
 19 receiving the largest and the second largest number of valid votes cast in the
 20 election. A labor organization which receives the majority of the votes cast in an
 21 election shall be certified by the cabinet[department] as exclusive representative of
 22 all the police officers in the unit.

23 (4) Nothing in this or any other law shall be construed to prohibit recognition of a labor
 24 organization as the exclusive representative by a consolidated local government by
 25 mutual consent.

26 (5) No election shall be directed by the cabinet[department] in any bargaining unit
 27 where there is in force and effect a valid collective bargaining agreement; provided,

1 however, that no collective bargaining agreement shall bar an election upon the
 2 petition of persons not parties thereto where more than four (4) years have elapsed
 3 since the execution of the agreement or the last timely renewal, whichever was later.

4 ➔Section 67. KRS 67C.410 is amended to read as follows:

5 Violations of the provisions of KRS 67C.406 shall be deemed to be unfair labor practices
 6 remedial by the cabinet[department] in the following manner.

7 (1) Whenever it is charged by a consolidated local government or a labor organization
 8 that any person has engaged in or is engaging in any unfair labor practices, the
 9 cabinet[department] or any hearing officer designated by the cabinet[department]
 10 shall conduct an administrative hearing in accordance with KRS Chapter 13B.

11 (2) If, upon the preponderance of the evidence presented, the cabinet[department] is of
 12 the opinion that any person named in the charge has engaged in or is engaging in an
 13 unfair labor practice, then it shall issue a final order requiring the person to cease
 14 and desist from the unfair labor practice, and to take any affirmative action
 15 including reinstatement of police officers with or without back pay, as will
 16 effectuate the policies of this section. The final order may further require the person
 17 to make reports from time to time showing the extent to which he or she has
 18 complied with the order. If, upon the preponderance of the evidence presented, the
 19 cabinet[department] is not of the opinion that the person named in the charge has
 20 engaged in or is engaging in the unfair labor practice, then the cabinet[department]
 21 shall issue a final order dismissing the complaint. No final order shall issue based
 22 upon any unfair labor practice occurring more than six (6) months prior to the filing
 23 of the charge with the cabinet[department], unless the person aggrieved thereby was
 24 prevented from filing the charge by reason of service in the Armed Forces, in which
 25 event the six (6) month period shall be computed from the day of his or her
 26 discharge. No final order of the cabinet[department] shall require the reinstatement
 27 of any individual as a police officer who has been suspended or discharged, or the

1 payment to the individual of any back pay, if the individual was suspended or
2 discharged for cause.

3 (3) Until a final order has been appealed, the cabinet~~[department]~~ at any time, upon
4 reasonable notice and in the manner that it deems proper, may modify or set aside,
5 in whole or in part, any final order made or issued by it.

6 (4) The cabinet~~[department]~~ or the charging party may petition for the enforcement of
7 the final order and for appropriate temporary relief or restraining order in the Circuit
8 Court for the county in which the violation occurred.

9 (5) Any person aggrieved by a final order of the cabinet~~[department]~~ may obtain a
10 review of the final order by filing a petition in the Circuit Court assigned
11 jurisdiction under subsection (4) of this section in accordance with KRS Chapter
12 13B.

13 ➔Section 68. KRS 67C.412 is amended to read as follows:

14 (1) If, after a reasonable period, but in no event less than thirty (30) days, of
15 negotiations over the terms of a new collective bargaining agreement or
16 modifications in an existing agreement, the parties to the negotiations are
17 deadlocked, either party or the parties jointly may petition the cabinet~~[department]~~,
18 by certified mail, return receipt requested, or by registered mail, to initiate fact-
19 finding.

20 (2) Upon receipt of a petition to initiate fact-finding, the cabinet~~[department]~~ shall
21 cause an investigation to determine whether or not the parties are deadlocked in
22 their negotiations. During the course of this investigation, the
23 secretary~~[commissioner]~~ is empowered to utilize his or her office in an effort to
24 effectuate a settlement between the parties through mediation and conciliation.

25 (3) Upon completion of the cabinet's~~[department's]~~ investigation, and if a settlement
26 between the parties has still not been reached, the secretary~~[commissioner]~~ shall
27 within ten (10) days appoint a qualified and disinterested person as the impartial

1 chairman of a three (3) member panel to function as the fact-finders. In addition to
 2 the impartial chairman, the other two (2) members of the panel shall be one (1)
 3 member named by the labor organization and one (1) member named by the
 4 consolidated local government, parties to the deadlocked negotiations.

5 (4) Upon consultation with the other members of the panel, the impartial chairman shall
 6 establish dates and places for public hearings. Whenever feasible, public hearings
 7 shall be held within the jurisdiction in which the consolidated local government is
 8 located. The panel may subpoena witnesses, and a written transcript of the hearing
 9 shall be made. Upon completion of the hearings the panel shall, by majority
 10 decision, make written findings of fact, recommendations, and opinions to be served
 11 on the consolidated local government and labor organization (parties) and these
 12 shall be released to the public. Expenses incurred by the three (3) member panel in
 13 this section shall be paid by the parties involved in the labor dispute.

14 ➔Section 69. KRS 75.180 is amended to read as follows:

15 (1) The chief, assistant chief, or highest officer present at the fires answered by his
 16 department shall investigate their causes. He may examine witnesses, compel the
 17 testimony of witnesses, administer oaths, compel production of evidence and make
 18 arrests as provided in KRS 75.160. He may enter any building at all reasonable
 19 times for the purpose of examining the building if, in his opinion the building is in
 20 danger of fire. He shall report his findings, when requested, to the board, Kentucky
 21 Inspection Bureau, and~~[Office of the]~~ state fire marshal.

22 (2) The chief of the fire department shall direct and control the operation of the fire
 23 department and the control of the members in the discharge of their duties. He, and
 24 members of the fire department, shall have access to and the use of all cisterns,
 25 fireplugs, the waters of the waterworks of private persons and cisterns of private
 26 persons for the purpose of extinguishing fires and shall have the power to examine
 27 these water supplies at all reasonable times to see that they are in condition for use

1 in case of fire. The chief shall have control of all hose, buildings, engines and other
 2 equipment provided for the fire department under direction of the board, or those
 3 authorized by the board to exercise this direction, and shall perform such other
 4 duties prescribed by the board not inconsistent with law. Upon application within
 5 ten (10) days to the board, any owner of property where water is used for
 6 firefighting shall be reimbursed in a reasonable amount by the board for water used.

7 ➔Section 70. KRS 76.268 is amended to read as follows:

8 Annexation to subdistricts may be accomplished by any of the following procedures, as
 9 the board may elect:

10 (1) (a) After the creation of a construction subdistrict under the provisions of KRS
 11 76.241 to 76.246, the board may, if it deems it advisable, use the authority and
 12 procedures granted to sanitation districts by KRS 220.535 to 220.537 to annex
 13 territory to a subdistrict, the words "board of directors" being read as
 14 "metropolitan sewer district board."

15 (b) Language in KRS 220.535 limiting the powers of annexation to a sanitation
 16 district in a county not containing a city of the first class shall not be
 17 applicable to a metropolitan sewer district which might use this method of
 18 annexation to a construction subdistrict even if it is located in a county
 19 containing a city of the first class, and the secretary of the Energy and
 20 Environment~~[Environmental and Public Protection]~~ Cabinet shall function in
 21 regard to annexation by it in the same manner and under the same procedures,
 22 as set out in KRS 220.535 to 220.537, as he would in his capacity as
 23 commissioner of sanitation districts for any sanitation district.

24 (2) After the creation of a construction subdistrict under the provisions of KRS 76.241
 25 to 76.246, the board may annex any area, contiguous or noncontiguous, subject to
 26 the limitations of KRS 76.242, to the construction subdistrict by making a
 27 preliminary order describing the area to be annexed and causing said order to be

1 published pursuant to KRS Chapter 424. The notice so published shall state that
2 objections in writing to the proposed annexation may be filed with the district
3 within thirty (30) days of the date of said notice. The district shall examine and hear
4 all such complaints. It may modify or amend the areas proposed to be annexed; and
5 it shall make a final order, within sixty (60) days of the date of publication of said
6 notice, describing the areas to be annexed and shall cause the same to be published,
7 pursuant to KRS Chapter 424. A freeholder of land within the area proposed to be
8 annexed may appeal such final order in the manner described in KRS 76.247. In
9 referring to KRS 76.247, this section is not intended to provide for de novo trial.

10 (3) In the event the owner or owners of all the property or properties proposed to be
11 annexed to a construction subdistrict shall tender to the district their written request
12 or requests that the district proceed immediately with the annexation of said
13 property or properties, and shall unqualifiedly waive all formalities and substantive
14 rights contained in subsection (2) of this section, the district may thereupon make
15 and publish a final order annexing said property or properties to the construction
16 subdistrict. Said order shall contain a recitation of the receiving of waivers from the
17 owners of all properties to be annexed thereunder. Provided, however, that in all
18 such instances the written request or requests of the owner or owners of all
19 properties proposed to be annexed to a construction subdistrict shall be in
20 recordable form and shall be recorded in the office of the county clerk of the county
21 wherein the property is located; and said clerk is authorized to record such
22 instruments as in the case of mortgages and may charge and receive fees therefor as
23 in the case of mortgages.

24 (4) The provisions of subsections (1), (2) and (3) of this section shall not repeal or
25 reduce any existing rights or duties of metropolitan sewer districts, but shall
26 constitute merely a procedure for annexation to construction subdistricts by a
27 metropolitan sewer district.

1 ➔Section 71. KRS 76.410 is amended to read as follows:

2 Language in KRS 220.535, limiting the powers of annexation to a sanitation district in a
 3 county not containing a city of the first class, shall not be applicable to sewer construction
 4 districts which may use this method of annexation, even if they are located in a county
 5 containing a city of the first class, and the secretary of the Energy and
 6 Environment~~[Environmental and Public Protection]~~ Cabinet shall function in regard to
 7 annexations by them in the same manner and under the same procedures as set out in
 8 KRS 220.535 to 220.537 as he would in his capacity as commissioner of sanitation
 9 districts for any sanitation district.

10 ➔Section 72. KRS 77.192 is amended to read as follows:

11 The air pollution control board, in conjunction with the Energy and
 12 Environment~~[Environmental and Public Protection]~~ Cabinet, shall promulgate
 13 administrative regulations, rules, and orders, to implement Section 7412(i)(5) of Title 42,
 14 United States Code, relating to alternative emission limitations allowed for early
 15 reduction of emissions.

16 ➔Section 73. KRS 77.310 is amended to read as follows:

17 (1) If there is reason to believe that a violation of this chapter or of a regulation
 18 promulgated under this chapter has occurred within an air pollution control district,
 19 the district shall issue and mail to or serve upon the person complained against a
 20 written notice of the provision of this chapter or the regulation allegedly violated.
 21 The district may schedule a settlement conference before the air pollution control
 22 officer or a designee at which the person complained against may appear to answer
 23 the charges set out in the notice. The conference shall be scheduled at a time not
 24 less than thirty (30) days after the date of notice unless the person complained
 25 against waives in writing the thirty (30) day period. Alleged violations that remain
 26 unresolved may be scheduled for a hearing under subsection (3) of this section at a
 27 time not less than thirty (30) days after a determination that the violation is

1 unresolved unless the person complained against waives in writing the thirty (30)
2 day period. The scheduling of a settlement conference or hearing shall not prevent
3 the negotiation of a settlement of a violation prior to the conference or hearing. At
4 any time, the air pollution control board may determine that a violation shall be
5 resolved as a civil or criminal action in an appropriate court or referred for action to
6 either the United States Environmental Protection Agency or the Energy and
7 Environment~~[Environmental and Public Protection]~~ Cabinet instead of being
8 resolved as a district action.

9 (2) When permittees or persons not previously heard in connection with the issuance of
10 an order or the making of a determination including, but not limited to, the issuance,
11 denial, modification, or revocation of a permit, consider themselves aggrieved, they
12 may file with the district a petition for a hearing. The petition shall allege that the
13 order or determination is contrary to law or fact and is injurious to the petitioner,
14 stating the grounds and reasons, and demanding a hearing. Unless the board
15 considers the petition frivolous, the air pollution control officer shall serve written
16 notice of the petition on each person named therein and shall schedule a hearing not
17 less than sixty (60) days after the date of the petition unless the person complained
18 against waives in writing the sixty (60) day period. The right to demand a hearing
19 under this section shall be limited to a period of thirty (30) days after the petitioner
20 has had actual notice, or could reasonably have had notice, of the order or
21 determination complained of. Prior to the hearing, the air pollution control officer
22 may require the parties to meet for settlement purposes.

23 (3) Hearings of unresolved violations or petitions for a hearing on orders or
24 determinations shall be held before a qualified hearing officer who, in the discretion
25 of the district, may serve by contract, be paid on a per diem basis, or be a full-time
26 employee of the county not assigned to the district. The district shall provide written
27 notice of the hearing to the person alleged to be in violation or to the petitioner.

1 After the conclusion of the hearing, the hearing officer shall, within thirty (30) days,
 2 make a report and recommended order, which shall contain findings of fact and
 3 conclusions of law, to the secretary-treasurer. If the secretary-treasurer finds upon
 4 written request of the hearing officer that additional time is needed, the secretary-
 5 treasurer may grant an extension. The hearing officer shall serve a copy of the report
 6 and recommended order upon all parties of record to the proceedings, and the
 7 parties shall be granted the right to file exceptions within fourteen (14) days of
 8 receipt. The secretary-treasurer shall schedule a time for the air pollution control
 9 board to consider the report, exceptions, and recommended order and to decide the
 10 case. The decision shall be served by mail upon all parties and shall be a final order
 11 of the board. No order of the board on a Title V permit shall become final for appeal
 12 purposes until it is approved by the United States Environmental Protection Agency
 13 under the Federal Clean Air Act of 1963 as amended by the Clean Air Act
 14 Amendments of 1990.

- 15 (4) The hearing officer shall preside at the hearing, shall keep order, and shall conduct
 16 the hearing in accordance with reasonable administrative practices. A party to a
 17 hearing under this section may be represented by counsel, make oral or written
 18 argument, offer testimony, cross-examine witnesses, or take any combination of
 19 these actions. The record of the hearing shall be open to public inspection, and
 20 copies thereof shall be made available to a person upon payment of the actual cost
 21 of reproducing the original, except as otherwise provided in district regulations.

22 ➔Section 74. KRS 79.080 is amended to read as follows:

- 23 (1) The term "health maintenance organization" for the purposes of this section, means
 24 a health maintenance organization as defined in KRS 304.38-030, which has been
 25 licensed by the Kentucky Health Facilities and Health Services Certificate of Need
 26 and Licensure Board and issued a certificate of authority by the Department~~{Office}~~
 27 of Insurance as a health maintenance organization and which is qualified under the

1 requirements of the United States Department of Health, Education and Welfare,
2 except as provided in subsection (4) of this section.

3 (2) Cities of all classes, counties, and urban-county governments and the agencies of
4 cities, counties, charter county, and urban-county governments are authorized to
5 establish and operate plans for the payment of retirement, disability, health
6 maintenance organization coverage, or hospitalization benefits to their employees
7 and elected officers, and health maintenance organization coverage or
8 hospitalization benefits to the immediate families of their employees and elected
9 officers. The plan may require employees to pay a percentage of their salaries into a
10 fund from which coverage or benefits are paid, or the city, county, charter county,
11 urban-county government, or agency may pay out of its own funds the entire cost of
12 the coverage or benefits. A plan may include a combination of contributions by
13 employees and elected officers and by the city, county, charter county, urban-county
14 government, or agency into a fund from which coverage or benefits are paid, or it
15 may take any form desired by the city, county, charter county, urban-county
16 government, or agency. Each city, county, charter county, urban-county
17 government, or agency may make rules and regulations and do all other things
18 necessary in the establishment and operation of the plan.

19 (3) Cities of all classes, counties, charter counties, urban-county governments, the
20 agencies of cities, counties, charter counties, and urban-county governments, and all
21 other political subdivisions of the state may provide disability, hospitalization, or
22 other health or medical care coverage to their officers and employees, including
23 their elected officers, through independent or cooperative self-insurance programs
24 and may cooperatively purchase the coverages.

25 (4) Any city, county, charter county, or urban-county government which is a
26 contributing member to any one (1) of the retirement systems administered by the
27 state may participate in the state health insurance coverage program for state

1 employees as defined in KRS 18A.225 to 18A.229. Should any city, county, charter
2 county, or urban-county government opt at any time to participate in the state health
3 insurance coverage program, it shall do so for a minimum of three (3) consecutive
4 years. If after the three (3) year participation period, the city, county, charter county,
5 or urban-county government chooses to terminate participation in the state health
6 insurance coverage program, it will be excluded from further participation for a
7 period of three (3) consecutive years. If a city, county, charter county, or urban-
8 county government, or one (1) of its agencies, terminates participation of its active
9 employees in the state health insurance coverage program and there is a state
10 appropriation for the employer's contribution for active employees' health insurance
11 coverage, neither the unit of government, or its agency, nor the employees shall
12 receive the state-funded contribution after termination from the state employee
13 health insurance program. The three (3) year participation and exclusion cycles shall
14 take effect each time a city, county, charter county, or urban-county government
15 changes its participation status.

- 16 (5) Any city, county, charter county, urban-county government, or other political
17 subdivision of the state which employs more than twenty-five (25) persons and
18 which provides hospitalization benefits or health maintenance organization
19 coverage to its employees and elected officers, shall annually give its employees an
20 option to elect either standard hospitalization benefits or membership in a qualified
21 health maintenance organization which is engaged in providing basic health
22 services in a health maintenance service area in which at least twenty-five (25) of
23 the employees reside; except that if any city, county, charter county, urban-county
24 government, or agencies of any city, county, charter county, urban-county
25 government, or any other political subdivision of the state which does not have a
26 qualified health maintenance organization engaged in providing basic health
27 services in a health maintenance service area in which at least twenty-five (25) of

1 the employees reside, the city, county, charter county, urban-county government, or
2 agencies of the city, county, charter county, urban-county government, or any other
3 political subdivision of the state may annually give its employees an option to elect
4 either standard hospitalization benefits or membership in a health maintenance
5 organization which has been licensed by the Kentucky Health Facilities and Health
6 Services Certificate of Need and Licensure Board and issued a certificate of
7 authority by the Department~~[Office]~~ of Insurance as a health maintenance
8 organization and which is engaged in providing basic health services in a health
9 maintenance service area in which at least twenty-five (25) of the employees reside.
10 Any premium due for health maintenance organization coverage over the amount
11 contributed by the city, county, charter county, urban-county government, or other
12 political subdivision of the state which employs more than twenty-five (25) persons
13 for any other hospitalization benefit shall be paid by the employee.

14 (6) If an employee moves his place of residence or employment out of the service area
15 of a health maintenance organization, under which he has elected coverage, into
16 either the service area of another health maintenance organization or into an area of
17 the state not within a health maintenance organization service area, the employee
18 shall be given an option, at the time of the move or transfer, to elect coverage either
19 by the health maintenance organization into which service area he moves or is
20 transferred or to elect standard hospitalization coverage offered by the employer.

21 (7) Any plan adopted shall provide that any officer or member of a paid fire or police
22 department who has completed five (5) years or more as a member of the
23 department, but who is unable to perform his duties by reason of heart disease or
24 any disease of the lungs or respiratory tract, is presumed to have contracted his
25 disease while on active duty as a result of strain or the inhalation of noxious fumes,
26 poison or gases, and shall be retired by the pension board under terms of the
27 pension system of which he is a member, if the member passed an entrance physical

1 examination and was found to be in good health as required.

2 (8) The term "agency" as used herein shall include boards appointed to operate
3 waterworks, electric plants, hospitals, airports, housing projects, golf courses, parks,
4 health departments, or any other public project.

5 (9) After August 1, 1988, except as permitted by KRS 65.156, no new retirement plan
6 shall be created pursuant to this section, and cities which were covered by this
7 section on or prior to August 1, 1988, shall participate in the County Employees
8 Retirement System effective August 1, 1988. Any city, county, charter county,
9 urban-county, or agency thereof which provided a retirement plan for its employees,
10 pursuant to this section, on or prior to August 1, 1988, shall place employees hired
11 after August 1, 1988, in the County Employees Retirement System. The city,
12 county, charter county, urban-county, or agency thereof shall offer employees hired
13 on or prior to August 1, 1988, membership in the County Employees Retirement
14 System under the alternate participation plan as described in KRS 78.530(3), but
15 such employees may elect to retain coverage under this section.

16 ➔Section 75. KRS 91A.080 is amended to read as follows:

17 (1) The legislative body of each local government which elects to impose and collect
18 license fees or taxes upon insurance companies for the privilege of engaging in the
19 business of insurance may enact or change its license fee or rate of tax to be
20 effective July 1 of each year on a prospective basis only and shall file with the
21 commissioner~~executive director~~ of insurance at least one hundred (100) days prior
22 to the effective date, a copy of all ordinances and amendments which impose a
23 license fee or tax. No less than eighty-five (85) days prior to the effective date, the
24 commissioner~~executive director~~ of insurance shall promptly notify each insurance
25 company engaged in the business of insurance in the Commonwealth of those local
26 governments which have elected to impose the license fees or taxes and the current
27 amount of the license fee or rate of tax.

- 1 (2) Any license fee or tax imposed by a local government upon an insurance company
 2 with respect to life insurance policies~~[,]~~ may be based upon the first year's
 3 premiums, and, if so based, shall be applied to the amount of the premiums actually
 4 collected within each calendar quarter upon the lives of persons residing within the
 5 corporate limits of the local government.
- 6 (3) Any license fee or tax imposed by a local government upon any insurance company
 7 with respect to any policy which is not a life insurance policy shall be based upon
 8 the premiums actually collected by the insurance company within each calendar
 9 quarter on risks located within the corporate limits of the local government on those
 10 classes of business which the insurance company is authorized to transact, less all
 11 premiums returned to policyholders. In determining the amount of license fee or tax
 12 to be collected and to be paid to the local government, the insurance company shall
 13 use the tax rate effective on the first day of the policy term. When an insurance
 14 company collects a premium as a result of a change in the policy during the policy
 15 term, the tax rate used shall be the rate in effect on the effective date of the policy
 16 change. With respect to premiums returned to policyholders, the license fee or tax
 17 shall be returned by the insurance company to the policyholder pro rata on the
 18 unexpired amount of the premium at the same rate at which it was collected and
 19 shall be taken as a credit by the insurance company on its next quarterly report to
 20 the local government.
- 21 (4) The Department~~[Office]~~ of Insurance shall, by administrative regulation, provide
 22 for a reasonable collection fee to be retained by the insurance company or its agent
 23 as compensation for collecting the tax, except that the collection fee shall not be
 24 more than fifteen percent (15%) of the fee or tax collected and remitted to the local
 25 government or two percent (2%) of the premiums subject to the tax, whichever is
 26 less. To facilitate computation, collection, and remittance of the fee or tax and
 27 collection fee provided in this section, the fees or taxes set out in subsection (1), (2),

1 or (3) of this section, together with the collection fee in this section, may be rounded
2 off to the nearest dollar amount.

3 (5) Pursuant to KRS 304.3-270, if any other state retaliates against any Kentucky
4 domiciliary insurer because of the requirements of this section, the
5 commissioner~~[executive director]~~ of insurance shall impose an equal tax upon the
6 premiums written in this state by insurers domiciled in the other state.

7 (6) Accounting and reporting procedures for collection and reporting of the fees or
8 taxes and the collection fee herein provided shall be determined by administrative
9 regulations promulgated by the Department~~[Office]~~ of Insurance.

10 (7) (a) Upon written request of the legislative body of any local government, at the
11 expense of the requesting local government, which shall be paid in advance by
12 the local government to the Department~~[Office]~~ of Insurance, the
13 Department~~[Office]~~ of Insurance shall audit, or cause to be audited by
14 contract with qualified auditors, the books or records of the insurance
15 companies or agents subject to the fee or tax to determine whether the fee or
16 tax is being properly collected and remitted, and the findings of the audit shall
17 be reported to the local government and the insurance company subject to the
18 audit. An insurance company may appeal the findings of the audit conducted
19 under this subsection and any assessment issued pursuant to the audit findings
20 in accordance with the provisions of KRS 91A.0804(4).

21 (b) Willful failure to properly collect and remit the fee or tax imposed by a local
22 government pursuant to the authority granted by this section shall constitute
23 grounds for the revocation of the license issued to an insurance company or
24 agent under the provisions of KRS Chapter 304.

25 (c) If the Department~~[Office]~~ of Insurance finds that an insurance company has
26 willfully engaged in a pattern of business conduct that fails to properly collect
27 and remit the fee or tax imposed by a local government pursuant to the

1 authority granted by this section, the Department~~[Office]~~ of Insurance may
 2 assess the responsible insurance company an appropriate penalty fee no
 3 greater than ten percent (10%) of the additional license fees or taxes
 4 determined to be owed to the local government. The penalty fee shall be paid
 5 to the local government owed the license fee or tax less any administrative
 6 costs of the Department~~[Office]~~ of Insurance in enforcing this section. Any
 7 insurance company or agent held responsible for a penalty fee may request a
 8 hearing with the Department~~[Office]~~ of Insurance to be conducted pursuant to
 9 KRS 304.2-310 to 304.2-370 regarding the finding of a willful violation and
 10 the subsequent penalty fee.

11 (8) The license fees or taxes provided for by subsections (2) and (3) of this section shall
 12 be due thirty (30) days after the end of each calendar quarter. Annually, by March
 13 31, each insurance company shall furnish each local government to which the tax or
 14 fee is remitted with a breakdown of all collections in the preceding calendar year for
 15 the following categories of insurance:

- 16 (a) Casualty;
- 17 (b) Automobile;
- 18 (c) Inland marine;
- 19 (d) Fire and allied perils;
- 20 (e) Health; and
- 21 (f) Life.

22 (9) Any license fee or tax not paid on or before the due date shall bear interest at the tax
 23 interest rate as defined in KRS 131.010(6) from the date due until paid. Such
 24 interest payable to the local government is separate of penalties provided for in
 25 subsection (7) of this section. In addition, the local government may assess a ten
 26 percent (10%) penalty for a tax or fee not paid within thirty (30) days after the due
 27 date.

- 1 (10) No license fee or tax imposed under this section shall apply to premiums received
 2 on:
- 3 (a) Policies of group health insurance provided for state employees under KRS
 4 18A.225;
- 5 (b) Policies insuring employers against liability for personal injuries to their
 6 employees or the death of their employees caused thereby, under the
 7 provisions of KRS Chapter 342;
- 8 (c) Health insurance policies issued to individuals;
- 9 (d) Policies issued through Kentucky Access created in Subtitle 17B of KRS
 10 Chapter 304; or
- 11 (e) Policies for high deductible health plans as defined in 26 U.S.C. sec.
 12 223(c)(2).
- 13 (11) No county may impose the tax authorized by this section upon the premiums
 14 received on policies issued to public service companies which pay ad valorem taxes.
- 15 (12) Insurance companies which pay license fees or taxes pursuant to this section shall
 16 credit city license fees or taxes against the same license fees or taxes levied by the
 17 county, when the license fees or taxes are levied by the county on or after July 13,
 18 1990. For purposes of this subsection, a consolidated local government, urban-
 19 county government, charter county government, or unified local government shall
 20 be considered a county.
- 21 (13) No license fee or tax imposed under this section shall apply to premiums paid to
 22 insurers of municipal bonds, leases, or other debt instruments issued by or on behalf
 23 of a city, county, charter county government, urban-county government,
 24 consolidated local government, special district, nonprofit corporation, or other
 25 political subdivision of the Commonwealth. However, this exemption shall not
 26 apply if the bonds, leases, or other debt instruments are issued for profit or on behalf
 27 of for-profit or private organizations.

- 1 (14) A county may impose a license fee or tax covering the entire county or may limit
2 the application of the fee or tax to the unincorporated portions of the county.

3 ➔Section 76. KRS 91A.0802 is amended to read as follows:

4 As used in this chapter:

- 5 (1) "Local government" means a city, county, charter county, consolidated local
6 government, urban-county government, or unified local government;
7 (2) "Risk location system or program" means any electronic software, hardware, or
8 other technology verified by the Kentucky Department~~{Office}~~ of Insurance under
9 KRS 91A.0806 used for locating risks that are subject to taxes or fees under KRS
10 91A.080; and
11 (3) "Tax period" means a twelve (12) month period ending on December 31 of each
12 year.

13 ➔Section 77. KRS 91A.0804 is amended to read as follows:

- 14 (1) The provisions of this section shall provide the sole and exclusive method for the
15 filing of amended returns and requests or assessments by any insurance company,
16 local government, or policyholder for nonpayment, underpayment, or overpayment
17 of any license fees or taxes imposed pursuant to KRS 91A.080 and the appeals from
18 the denial or refusal thereof. For tax periods beginning after December 31, 2008, all
19 amended returns, requests for refunds or credits, and assessments shall be made
20 within two (2) years of the due date of the annual reconciliation provided for in
21 KRS 91A.080(8) for the tax period during which the error was made, except that in
22 the case of fraudulent failure to file a return or the filing of a fraudulent return, the
23 underpayment may be assessed at any time. The provisions of this subsection shall
24 not apply to any refund or credit to an insurance company or policyholder or
25 assessment by a local government that is affected by litigation pending on July 15,
26 2008.
27 (2) (a) Any insurance company that has paid a license fee or tax imposed by a local

1 government pursuant to KRS 91A.080 may request a refund or credit for any
 2 overpayment of a license fee or tax or any payment when no tax was due
 3 within the time provided in subsection (1) of this section.

4 (b) A request for a refund or credit by an insurance company shall be made by
 5 mailing an amended return and supporting documentation to the local
 6 government to which the fee or tax was paid. A complete refund request shall
 7 include the amended return and supporting documentation showing the total
 8 amount of overpayment of license fee or tax that the insurance company
 9 believes was erroneously paid and a breakdown of information for each policy
 10 upon which a refund or credit is requested, including the location of the risk
 11 by street address or, if a street address is unavailable, another appropriate
 12 identifier of the physical location, the amount of the erroneous payment, the
 13 premium charged, the amount of tax or fee actually collected, the type or types
 14 of risk insured, and the period the policy was in force during the taxable year
 15 or years.

16 (c) For refund and credit requests submitted for payments made during tax
 17 periods after December 31, 2009, the insurance company shall produce proof
 18 that it employed risk location systems or programs meeting the requirements
 19 of KRS 91A.0806 during the time for which the refund or credit is requested
 20 or a copy of a Department~~[an Office]~~ of Insurance order issued pursuant to
 21 the administrative regulation promulgated under KRS 91A.0806(3). If the
 22 insurance company fails or is unable to produce such proof or a copy of the
 23 Department~~[Office]~~ of Insurance order, the local government shall be entitled
 24 to keep a penalty in the amount of ten percent (10%) of the refund or credit
 25 that would have otherwise been due the insurance company. Any dispute
 26 regarding the imposition of a penalty shall be resolved under paragraph (d) of
 27 this subsection.

1 (d) If a local government fails to accept the completed amended return or refuses
 2 to issue the requested refund or credit within ninety (90) days of its receipt,
 3 the insurance company may make application to the Department~~[Office]~~ of
 4 Insurance to review the claim. The application shall be filed with the
 5 Department~~[Office]~~ of Insurance within thirty (30) days of receipt of the
 6 response from the local government or, in the case of a local government's
 7 failure to respond, within thirty (30) days of the end of the ninety (90) day
 8 period provided in this paragraph. The Department~~[Office]~~ of Insurance shall,
 9 within sixty (60) days of the receipt of the complete application, issue an order
 10 of final agency action that the request for refund or credit is or is not
 11 warranted in whole or in part. The commissioner~~[executive director]~~ of the
 12 Department~~[Office]~~ of Insurance may grant one (1) extension of thirty (30)
 13 days for the issuance of the order. As provided in KRS 304.2-310, either party
 14 may file an administrative appeal from the order of the Department~~[Office]~~ of
 15 Insurance within sixty (60) days of the issuance of the order.

16 (e) No insurance company shall apply a credit to taxes or fees imposed by KRS
 17 91A.080 without written agreement from the local government, without an
 18 order of final agency action from the Department~~[Office]~~ of Insurance order
 19 that the refund is due, or without an administrative ruling from the
 20 Department~~[Office]~~ of Insurance order that a refund is due. Each violation of
 21 this paragraph shall be punishable as provided in KRS 91A.080(7)(b) and (c).

22 (3) (a) Any policyholder who has paid to an insurance company a license fee or tax
 23 imposed by a local government pursuant to KRS 91A.080 may request a
 24 refund or credit for an overpayment of a license fee or tax or any payment
 25 when no tax was due within the time provided in subsection (1) of this
 26 section.

27 (b) A request for a refund or credit by a policyholder shall be made by mailing the

request to the insurance company to which the fee or tax was paid. The request shall include the name of the policyholder, the address of the location of the risk insured, the amount of overpayment of license fee or tax that was erroneously paid, the dates of coverage, the amount of the fee or tax that was paid, and the type of risk insured.

(c) If an insurance company fails to make payment or to grant credit to a policyholder as requested within ninety (90) days of its receipt, the policyholder may make application to the Department~~[Office]~~ of Insurance to review the request. The application shall be filed with the Department~~[Office]~~ of Insurance within thirty (30) days of receipt of the response from the insurance company or, in the case of an insurance company's failure to respond, within thirty (30) days of the end of the ninety (90) day period provided in this paragraph. The Department~~[Office]~~ of Insurance shall, within sixty (60) days of the receipt of the complete application, issue an order of final agency action that the request for refund or credit is or is not warranted in whole or in part. The commissioner~~[executive—director]~~ of the Department~~[Office]~~ of Insurance may grant one (1) extension of thirty (30) days for the issuance of the order. As provided in KRS 304.2-310, either party may file an administrative appeal from the order of the Department~~[Office]~~ of Insurance within sixty (60) days of the issuance of the order.

(4) (a) If a local government has a reasonable basis to believe that a license fee or tax imposed by it in accordance with KRS 91A.080 has not been paid or has been underpaid, the local government shall request the Department~~[Office]~~ of Insurance to conduct an audit pursuant to the provisions of KRS 91A.080(7) within the time provided in subsection (1) of this section.

(b) If the findings of the audit show that an insurance company did not pay or underpaid the local government, the local government may send an

1 assessment by mail to the insurance company. The notice of assessment shall
2 state the total amount of payment due from the insurance company based upon
3 the findings of the audit conducted pursuant to KRS 91A.080(7), the
4 geographic area affected, and the applicable license fee or tax rate.

5 (c) The insurance company may respond to the assessment by either paying the
6 assessment in full within ninety (90) days of its receipt or by filing an appeal
7 of the findings of the audit and the assessment with the Department~~[Office]~~ of
8 Insurance within ninety (90) days of the receipt of the assessment. An
9 insurance company appealing the audit findings and assessment shall make
10 application to the Department~~[Office]~~ of Insurance and provide notice of the
11 challenge to the local government by certified mail. The Department~~[Office]~~
12 of Insurance shall, within sixty (60) days of the receipt of the completed
13 application, issue an order of final agency action upon the findings of the audit
14 and a determination that the assessment is or is not warranted in whole or in
15 part. The commissioner~~[executive director]~~ of the Department~~[Office]~~ of
16 Insurance may grant one (1) extension of thirty (30) days for the issuance of
17 the order. As provided in KRS 304.2-310, either party may file an
18 administrative appeal from the order of the Department~~[Office]~~ of Insurance
19 within sixty (60) days of the issuance of the order.

20 (d) If the insurance company fails to make the full payment as requested by the
21 local government or fails to file an application of appeal with the
22 Department~~[Office]~~ of Insurance within ninety (90) days of receipt of the
23 assessment, the findings of the audit and the assessment shall be deemed final,
24 and the local government may provide notification to the Department~~[Office]~~
25 of Insurance to impose a penalty in accordance with KRS 91A.080(7)(c). Any
26 penalty imposed because of an insurance company's failure to timely pay the
27 assessment shall be in addition to any penalties imposed as a result of the

1 audit. The notification shall be filed with the Department{Office} of Insurance
2 within thirty (30) days of the end of the ninety (90) day period provided in
3 paragraph (c) of this subsection. The Department{Office} of Insurance shall
4 issue an order to the insurance company to pay the assessment and any
5 additional penalties imposed within thirty (30) days of the order, or the
6 Department{Office} of Insurance may revoke the license of the insurance
7 company under the provisions of KRS 91A.080(7) and KRS Chapter 304.

8 (e) The Department{Office} of Insurance may determine the scope of any audit
9 requested under this subsection and KRS 91A.080. Nothing in this chapter
10 shall preclude the Department{Office} of Insurance from exercising its
11 discretion to conduct an audit or examination of any insurance company under
12 its authority as otherwise provided in KRS Chapter 304.

13 (5) An administrative hearing held pursuant to this section shall be conducted pursuant
14 to KRS Chapter 13B. The hearing officer may compel any information necessary to
15 make a determination. Information concerning rates, the names and addresses as of
16 policyholders, and the expiration date of policies shall be proprietary and
17 confidential, shall not be divulged to any person or organization not a party to the
18 hearing, shall not be subject to disclosure or to the provisions of KRS 61.870 to
19 61.884, and the record shall be sealed at the conclusion of the hearing.

20 (6) If a refund or credit is received by an insurance company that passed the fee or tax
21 on to the policyholder, and the amount refunded or credited is not owed to another
22 local government, the insurance company shall pass the full amount of the refund or
23 credit, including any collection fee that has been retained by the insurance company
24 pursuant to KRS 91A.080(4), on to the policyholder from whom the fee or tax was
25 collected within ninety (90) days of receipt of the refund or credit. For a refund or
26 credit received by an insurance company for tax periods after December 31, 2009,
27 that is not owed to another local government, the insurance company shall pay a

1 penalty fee of ten percent (10%) of the total amount of the refund or credit due to
2 the policyholder if the insurance company is unable to produce proof of the use of a
3 risk location system as required under subsection (2)(c) of this section.

4 (7) No legal action shall be filed by any party prior to the exhaustion of all
5 administrative remedies provided under this section.

6 (8) (a) Information on specific policies and policyholders provided to local
7 governments pursuant to subsection (2) of this section shall be considered
8 confidential and proprietary information of an insurance company and shall
9 not be disclosed or subject to disclosure under KRS 61.870 to 61.884. No
10 present or former official or employee of a local government or any other
11 person shall, intentionally and without authorization, inspect or divulge any
12 information acquired by him or her of the affairs of any insurance company, or
13 information regarding specific policies, policyholders, tax schedules, returns,
14 or reports required to be filed with a local government, or any information
15 produced by a hearing or investigation, insofar as the information may have to
16 do with the proprietary information of the insurance company. All county
17 judges/executive, mayors, local government legislative body members, and
18 local government employees whose duties include the fiscal affairs of their
19 local government, shall be deemed to have the necessary authorization to
20 inspect such information. Any person who violates the provisions of this
21 paragraph shall be guilty of a Class A misdemeanor for each offense and the
22 disclosure of information on each policyholder shall constitute a separate
23 offense.

24 (b) Except for local governments that have been certified by the Internal Revenue
25 Service or its agent as being in compliance with IRS safeguard requirements
26 and authorized to receive federal tax information, any proprietary information
27 provided to a local government for the purposes of compliance with

subsection (2) of this section and all copies or other records related to such information shall be destroyed in an irreversible, secure, and confidential manner in accordance with KRS 171.410 to 171.740 and the administrative regulations promulgated or approved thereunder. A local government failing to destroy proprietary information in accordance with this paragraph shall be subject to a civil penalty payable to the insurance company of five hundred dollars (\$500) for each offense, and the disclosure of information on each policyholder shall constitute a separate offense. An insurance company may commence a civil action in a court of competent jurisdiction for payment of the civil penalty. The total civil penalty shall not exceed ten thousand dollars (\$10,000) per incident.

(c) This subsection shall not preclude the disclosure of information to the Department~~{Office}~~ of Insurance or to the legal representative of the local government for purposes of administrative hearings or legal appeals therefrom, nor shall it prohibit the local government from verifying the accuracy of the information with an individual policyholder to whom the information pertains.

(9) The filing of amended returns, requests for refunds or credits, assessments, and all applications and notification by any party to the Department~~{Office}~~ of Insurance for review under this section, shall be sent to the designated party or parties by certified mail, return receipt requested.

→Section 78. KRS 91A.0806 is amended to read as follows:

(1) Before January 1, 2009, the Department~~{Office}~~ of Insurance shall by administrative regulation establish criteria for the verification of risk location systems and programs. The criteria for verification shall include but not be limited to a requirement that the municipal and county boundary information of a risk location system or program uses the municipal and county boundary data available

1 from the Commonwealth Office of Technology that is based upon municipal and
 2 other filings with the Secretary of State.

3 (2) Upon application of a vendor or insurance company for verification and payment of
 4 a two thousand five hundred dollar (\$2,500) application fee to the
 5 Department~~{Office}~~ of Insurance, the department~~{office}~~ shall test the risk location
 6 system or program to determine whether the program shall be verified as meeting
 7 the criteria promulgated in the administrative regulation required by subsection (1)
 8 of this section. The Department~~{Office}~~ of Insurance shall maintain a list of verified
 9 risk location systems or programs and shall make the list available to insurance
 10 companies and the public. The verification of a risk location system or program
 11 shall remain valid for a period of three (3) years unless revoked by the
 12 Department~~{Office}~~ of Insurance.

13 (3) The Department~~{Office}~~ of Insurance shall, by administrative regulation, provide an
 14 option for an insurance company to apply for a written order by the
 15 commissioner~~{executive director}~~ of the Department~~{Office}~~ of Insurance that the
 16 insurance company has a limited number of risk locations, not exceeding two
 17 hundred (200), in the Commonwealth that may be located by other means with an
 18 equivalent level of accuracy. Such an order shall remain valid for a period of three
 19 (3) years and as long as the insured risk of the insurance company does not exceed
 20 two hundred (200) in any calendar year.

21 (4) An insurance company shall be deemed to perform due diligence in the location of
 22 risks if the insurance company employs a verified risk location system or program
 23 in its collection of a tax or fee imposed pursuant to KRS 91A.080 and:

24 (a) Expends reasonable resources to accurately and reliably implement such
 25 method to collect and to remit the proper tax or fee due to the local
 26 government that has imposed a tax or fee pursuant to KRS 91A.080;

27 (b) Maintains adequate internal controls to correctly include in its database of

- 1 policyholders the location of the risk insured, in the proper address format, so
 2 that matching with the database is accurate;
- 3 (c) Corrects errors in the assignment of addresses to local taxing jurisdictions
 4 within the next renewal period after the insurance company discovers the
 5 errors, and, if applicable, reports such errors to the provider of the risk
 6 location system or program; and
- 7 (d) In the case of insurance companies that issue policies covering multiple
 8 locations, maintains adequate internal controls and employs an accurate and
 9 consistent methodology to correctly prorate multilocation policies to assign
 10 risks to appropriate addresses or, if a street address is unavailable, through
 11 another appropriate identifier of physical location, and tax jurisdictions.
- 12 (5) Upon the presentation of proof that an insurance company has complied with the
 13 provisions of subsection (4) of this section or has received an order of the
 14 Department~~[Office]~~ of Insurance under the administrative regulation promulgated
 15 pursuant to subsection (3) of this section, the insurance company:
- 16 (a) Shall not be subject to penalties for failure to comply with KRS 91A.080 that
 17 may otherwise be imposed pursuant to KRS Chapter 304 or KRS 91A.080(7)
 18 for failure of a risk location system to properly locate risks;
- 19 (b) Shall be held harmless from any liability including but not limited to liability
 20 for penalties, except for the tax that is due and interest on the tax that an
 21 insurance company has failed to timely remit, that would otherwise be due
 22 solely as a result of a failure to properly collect and remit the tax or fee levied
 23 pursuant to KRS 91A.080 because of the failure of a risk location system to
 24 properly locate risks; and
- 25 (c) Shall not be subject to penalties under KRS 91A.0804(2)(c).
- 26 (6) On and after January 1, 2010, an insurance company shall use a verified risk
 27 location system or program during the calendar year if the total policies issued and

renewed by the insurance company in Kentucky in the preceding calendar year is more than two thousand (2,000).

→ Section 79. KRS 91A.0808 is amended to read as follows:

- (1) (a) The commissioner~~[executive director]~~ of the Department~~[Office]~~ of Insurance shall appoint a local premium tax advisory council to provide advice and expertise on the imposition, administration, and collection of taxes and fees imposed pursuant to KRS 91A.080. The council shall be chaired by the commissioner~~[executive director]~~ of the Department~~[Office]~~ of Insurance and shall be composed of eight (8) members which shall include two (2) city government representatives nominated by the Kentucky League of Cities, two (2) county government representatives nominated by the Kentucky Association of Counties, one (1) independent insurance agent, one (1) representative of a domestic insurance company, one (1) representative of a foreign insurance company, and one (1) representative of an insurance trade association. Members shall serve four (4) year terms, except for the initial members whose appointments shall be staggered.
- (b) The chair shall preside over meetings of the advisory council but shall have no vote except that he or she may cast a vote in order to break a tie.
- (c) The Department~~[Office]~~ of Insurance shall staff and assist the council which shall meet at least two (2) times per year at meetings called by the chair or a majority of the members.
- (2) The council may identify ways to make the system more effective and efficient for all parties by making recommendations on needed legislative changes and providing comments on needed regulatory reforms. In addition, the council may provide information and assistance to insurance companies and local governments regarding procedures and practices related to compliance with provisions of this chapter related to the imposition, administration, and collection of taxes and fees imposed

pursuant to KRS 91A.080. At least once each year, the council shall review the criteria for verification of risk location systems or programs established by the Department~~{Office}~~ of Insurance under KRS 91A.0806 and make recommendations for updating and improving the verification criteria.

→ Section 80. KRS 91A.0810 is amended to read as follows:

(1) Effective December 31, 2008, if the local government premium tax is included in the premium charge to the policyholder, the insurance company shall include on either the renewal certificates or billings the amount of the local government tax charged for the period and the name of the taxing jurisdiction to which the local premium tax is due.

(2) Before December 31, 2008, each insurance company shall cause each current policyholder to be notified of the policyholder's rights under this chapter. The one (1) time notice may be sent to the policyholder under any mode of communication normally used between the insurance company and the policyholder and may be sent as a separate notice or included as an additional item within routine statements, billings, or other notices. The Kentucky Department~~{Office}~~ of Insurance shall promulgate by administrative regulation the text of such notice, which shall include:

(a) A statement that past and future premium charges may include a local insurance premium tax; and

(b) A statement that a policyholder who has been erroneously charged or overcharged the local insurance premium tax may obtain information for requesting a refund or credit by contacting the insurance company to which the local insurance premium tax was erroneously paid.

(3) Any insurance company contacted by a policyholder under subsection (2) of this section shall, within thirty (30) days of the contact, provide the policyholder the full text of KRS 91A.0804(3) to inform the policyholder of the procedural requirements for requesting a refund or a credit. The insurance company may, at its option,

1 include a summary or explanation of the procedural requirements in addition to
2 providing the text.

3 ➔Section 81. KRS 91A.0812 is amended to read as follows:

4 On a biennial basis beginning on July 15, 2008, the commissioner~~[executive director]~~ of
5 the Department~~[Office]~~ of Insurance may impose an assessment for the cost of
6 administering the provisions of this chapter. The assessment shall be made on an
7 equitable basis against all insurance companies and surplus lines brokers subject to KRS
8 91A.080, provided that the amount of the assessment shall not exceed two hundred
9 dollars (\$200) per insurance company or surplus lines broker.

10 ➔Section 82. KRS 95A.262 is amended to read as follows:

11 (1) The Commission on Fire Protection Personnel Standards and Education shall, in
12 cooperation with the Cabinet for Health and Family Services, develop and
13 implement a continuing program to inoculate every paid and volunteer firefighter in
14 Kentucky against hepatitis B. The program shall be funded from revenues allocated
15 to the Firefighters Foundation Program fund pursuant to KRS 136.392 and 42.190.
16 Any fire department which has inoculated its personnel during the period of July 1,
17 1991 to July 14, 1992, shall be reimbursed from these revenues for its costs incurred
18 up to the amount allowed by the Cabinet for Human Resources for hepatitis B
19 inoculations.

20 (2) Except as provided in subsection (3) of this section, the Commission on Fire
21 Protection Personnel Standards and Education shall allot on an annual basis a share
22 of the funds accruing to and appropriated for volunteer fire department aid to
23 volunteer fire departments in cities of all classes, fire protection districts organized
24 pursuant to KRS Chapter 75, county districts established under authority of KRS
25 67.083, and volunteer fire departments created as nonprofit corporations pursuant to
26 KRS Chapter 273. The commission shall allot eight thousand dollars (\$8,000)
27 annually to each qualifying department, and beginning on July 1, 2001, the

1 commission shall allot eight thousand two hundred fifty dollars (\$8,250) annually to
2 each qualifying department. Any qualifying department which fails to participate
3 satisfactorily in the Kentucky fire incident reporting system as described in KRS
4 304.13-380 shall forfeit annually five hundred dollars (\$500) of its allotment. If two
5 (2) or more qualified volunteer fire departments, as defined in KRS 95A.500 to
6 95A.560, merge after January 1, 2000, then the allotment shall be in accordance
7 with the provisions of KRS 95A.500 to 95A.560. Administrative regulations for
8 determining qualifications shall be based on the number of both paid firefighters
9 and volunteer firemen within a volunteer fire department, the amount of equipment,
10 housing facilities available, and such other matters or standards as will best effect
11 the purposes of the volunteer fire department aid law. A qualifying department shall
12 include at least twelve (12) firefighters, a chief, and at least one (1) operational fire
13 apparatus or one (1) on order. Fifty percent (50%) of the firefighters shall have
14 completed at least one-half (1/2) of one hundred fifty (150) training hours toward
15 certification within the first six (6) months of the first year of the department's
16 application for certification, and there shall be a plan to complete the one hundred
17 fifty (150) training hours within the second year. These personnel, equipment, and
18 training requirements shall not be made more stringent by the promulgation of
19 administrative regulations. No allotment shall exceed the total value of the funds,
20 equipment, lands, and buildings made available to the local fire units from any
21 source whatever for the year in which the allotment is made. A portion of the funds
22 provided for above may be used to purchase group or blanket health insurance and
23 shall be used to purchase workers' compensation insurance, and the remaining funds
24 shall be distributed as set forth in this section.

- 25 (3) There shall be allotted two hundred thousand dollars (\$200,000) of the insurance
26 premium surcharge proceeds accruing to the Firefighters Foundation Program fund
27 that shall be allocated each fiscal year of the biennium to the firefighters training

1 center fund, which is hereby created and established, for the purposes of
2 constructing new or upgrading existing training centers for firefighters. If any
3 moneys in the training center fund remain uncommitted, unobligated, or
4 unexpended at the close of the first fiscal year of the biennium, then such moneys
5 shall be carried forward to the second fiscal year of the biennium, and shall be
6 reallocated to and for the use of the training center fund, in addition to the second
7 fiscal year's allocation of two hundred thousand dollars (\$200,000). Prior to funding
8 any project pursuant to this subsection, a proposed project shall be approved by the
9 Commission on Fire Protection Personnel Standards and Education as provided in
10 subsection (4) of this section and shall comply with state laws applicable to capital
11 construction projects.

12 (4) Applications for funding low-interest loans and firefighters' training centers shall be
13 submitted to the Commission on Fire Protection Personnel Standards and Education
14 for their recommendation, approval, disapproval, or modification. The commission
15 shall review applications periodically, and shall, subject to funds available,
16 recommend which applications shall be funded and at what levels, together with any
17 terms and conditions the commission deems necessary.

18 (5) Any department or entity eligible for and receiving funding pursuant to this section
19 shall have a minimum of fifty percent (50%) of its personnel certified as recognized
20 by the Commission on Fire Protection Personnel Standards and Education.

21 (6) Upon the written request of any department, the Commission on Fire Protection
22 Personnel Standards and Education shall make available a certified training
23 program in a county of which such department is located.

24 (7) The amount of reimbursement for any given year for costs incurred by the Kentucky
25 Community and Technical College System for administering these funds, including
26 but not limited to the expenses and costs of commission operations, shall be
27 determined by the commission and shall not exceed five percent (5%) of the total

1 amount of moneys accruing to the Firefighters Foundation Program fund which are
2 allotted for the purposes specified in this section during any fiscal year.

3 (8) The commission shall withhold from the general distribution of funds under
4 subsection (2) of this section an amount which it deems sufficient to reimburse
5 volunteer fire departments for equipment lost or damaged beyond repair due to
6 hazardous material incidents.

7 (9) Moneys withheld pursuant to subsection (8) of this section shall be distributed only
8 under the following terms and conditions:

9 (a) A volunteer fire department has lost or damaged beyond repair items of
10 personal protective clothing or equipment due to that equipment having been
11 lost or damaged as a result of an incident in which a hazardous material (as
12 defined in any state or federal statute or regulation) was the causative agent of
13 the loss;

14 (b) The volunteer fire department has made application in writing to the
15 commission for reimbursement in a manner approved by the commission and
16 the loss and the circumstances thereof have been verified by the commission;

17 (c) The loss of or damage to the equipment has not been reimbursed by the person
18 responsible for the hazardous materials incident or by any other person;

19 (d) The commission has determined that the volunteer fire department does not
20 have the fiscal resources to replace the equipment;

21 (e) The commission has determined that the equipment sought to be replaced is
22 immediately necessary to protect the lives of the volunteer firefighters of the
23 fire department;

24 (f) The fire department has agreed in writing to subrogate all claims for and rights
25 to reimbursement for the lost or damaged equipment to the Commonwealth to
26 the extent that the Commonwealth provides reimbursement to the department;
27 and

- 1 (g) The department has shown to the satisfaction of the commission that it has
2 made reasonable attempts to secure reimbursement for its losses from the
3 person responsible for the hazardous materials incident and has been
4 unsuccessful in the effort.
- 5 (10) If a volunteer fire department has met all of the requirements of subsection (9) of
6 this section, the commission may authorize a reimbursement of equipment losses
7 not exceeding ten thousand dollars (\$10,000) or the actual amount of the loss,
8 whichever is less.
- 9 (11) Moneys which have been withheld during any fiscal year which remain unexpended
10 at the end of the fiscal year shall be distributed in the normal manner required by
11 subsection (2) of this section during the following fiscal year.
- 12 (12) No volunteer fire department may receive funding for equipment losses more than
13 once during any fiscal year.
- 14 (13) The commission shall make reasonable efforts to secure reimbursement from the
15 responsible party for any moneys awarded to a fire department pursuant to this
16 section.
- 17 (14) There shall be allotted each year of the 1992-93 biennium one million dollars
18 (\$1,000,000), and each year of the 1994-95, 1996-97, 1998-99, and 2000-01
19 bienniums one million dollars (\$1,000,000) of the insurance premium surcharge
20 proceeds accruing to the Firefighters Foundation Program fund for the purpose of
21 creating a revolving low-interest loan fund, which shall thereafter be self-sufficient
22 and derive its operating revenues from principal and interest payments. The
23 commission, in accordance with the procedures in subsection (4) of this section,
24 may make low-interest loans, and the interest thereon shall not exceed three percent
25 (3%) annually or the amount needed to sustain operating expenses of the loan fund,
26 whichever is less, to volunteer fire departments for the purposes of major equipment
27 purchases and facility construction. Loans shall be made to departments which

1 achieve the training standards necessary to qualify for volunteer fire department aid
 2 allotted pursuant to subsection (2) of this section, and which do not have other
 3 sources of funds at rates which are favorable given their financial resources. The
 4 proceeds of loan payments shall be returned to the loan fund for the purpose of
 5 providing future loans. If a department does not make scheduled loan payments, the
 6 commission may withhold any grants payable to the department pursuant to
 7 subsection (2) of this section until the department is current on its payments. Money
 8 in the low-interest loan fund shall be used only for the purposes specified in this
 9 subsection. Any funds remaining in the fund at the end of a fiscal year shall be
 10 carried forward to the next fiscal year for the purposes of the fund.

11 (15) For fiscal year 2004-2005 and each fiscal year thereafter, there is allotted one
 12 million dollars (\$1,000,000) from the fund established in KRS 95A.220 to be used
 13 by the commission to conduct training-related activities.

14 (16) If funding is available from the fund established in KRS 95A.220, the Commission
 15 on Fire Protection Personnel Standards and Education may implement the
 16 following:

17 (a) A program to prepare emergency service personnel for handling potential
 18 man-made and non-man-made threats. The commission shall work in
 19 conjunction with the state fire marshal~~[marshal's office]~~ and other appropriate
 20 agencies and associations to identify and make maps of gas transmission and
 21 hazardous liquids pipelines in the state;

22 (b) A program to provide and maintain a mobile test facility in each training
 23 region established by the Commission on Fire Protection Personnel Standards
 24 and Education with equipment to administer Comprehensive Physical
 25 Aptitude Tests (CPAT) to ascertain a firefighter's ability to perform the
 26 physical requirements necessary to be an effective and safe firefighter;

27 (c) A program to provide defensive driving training tactics to firefighters. The

1 commission shall purchase, instruct in the use of, and maintain mobile
 2 equipment in each of the training regions, and fund expenses related to
 3 equipment replacement;

4 (d) A program to annually evaluate equipment adequacy and to provide for annual
 5 physical examinations for instructors, adequate protective clothing and
 6 personal equipment to meet NFPA guidelines, and to establish procedures for
 7 replacing this equipment as needed;

8 (e) A program to establish a rotational expansion and replacement program for
 9 mobile fleet equipment currently used for training and recertification of fire
 10 departments;

11 (f) A program to expand and update current EMS, first responder, EMT, and
 12 paramedic training and certification instruction; and

13 (g) A program to purchase thermal vision devices to comply with the provisions
 14 of KRS 95A.400 to 95A.440.

15 ➔Section 83. KRS 96.911 is amended to read as follows:

16 As used in KRS 96.910 to 96.927, unless the context otherwise requires:

17 (1) "City" means an incorporated municipality of any class and a county that has
 18 adopted an urban-county government, except those communities served by a
 19 metropolitan sewer district, under the provisions of KRS Chapter 76;

20 (2) "Governing body" means the municipal legislative body of a city;

21 (3) "Cabinet" means the Energy and Environment~~Environmental and Public~~
 22 ~~Protection~~ Cabinet;

23 (4) "Sewer" means any structure or installation for the drainage of liquid wastes, but
 24 only insofar as they relate to sanitation and the control of water pollution, as
 25 distinguished from the drainage of storm or surface waters; however, where both
 26 functions are carried out by the same system, it is to be construed as a sewer;

27 (5) "Natural drainage area" means any geographical area within which liquids flow by

1 gravity to a common point, which is necessary, reasonable, or practicable from the
 2 standpoint of sewage treatment and disposal, as approved by the cabinet.

3 ➔ Section 84. KRS 99.200 is amended to read as follows:

4 Notwithstanding any requirement of law to the contrary or the absence of direct provision
 5 therefor in the instrument under which a fiduciary is acting, every executor, administrator,
 6 trustee, guardian, conservator or any other person holding trust funds or acting in a
 7 fiduciary capacity, unless the instrument under which such fiduciary is acting expressly
 8 forbids, the state, its subdivisions, cities, all other public bodies, all public officers,
 9 corporations organized under or subject to the provisions of the banking law (including
 10 savings banks, savings and loan associations, trust companies, banking corporations), the
 11 commissioner~~[executive director]~~ of the Department~~[Office]~~ of Financial Institutions as
 12 conservator, liquidator or rehabilitator of any such person, partnership or corporation,
 13 persons, partnerships and corporations organized under or subject to the provisions of the
 14 insurance law, the commissioner~~[executive director]~~ of the Department~~[Office]~~ of
 15 Insurance as conservator, liquidator or rehabilitator of any such person, partnership or
 16 corporation, any of which owns or holds any real property within a development area,
 17 may grant, sell, lease or otherwise transfer any such real property to a redevelopment
 18 corporation, and receive and hold any cash, stocks, notes, mortgages, or other securities
 19 or obligations, which they are allowed by law to acquire, exchanged therefor by such
 20 redevelopment corporation, and may execute such instruments and do such acts as may be
 21 deemed necessary or desirable by them or it and by the redevelopment corporation in
 22 connection with the development and the development plan.

23 ➔ Section 85. KRS 99.270 is amended to read as follows:

24 Certificates, bonds and notes, or part interests therein, or any part of an issue thereof,
 25 which are secured by a first mortgage on the real property in a development area, or any
 26 part thereof, shall be securities in which all the following persons, partnerships or
 27 corporations and public bodies or public officers may legally invest the funds within their

1 control, provided that the principal amount secured by such mortgage shall not exceed the
 2 limits, if any, imposed by law for such investments by the person, partnership,
 3 corporation, public body or public officer making the same: Every executor,
 4 administrator, trustee, guardian, conservator or other person or corporation holding trust
 5 funds or acting in a fiduciary capacity; the state, its subdivisions, cities, all other public
 6 bodies, all public officers; persons, partnerships and corporations organized under or
 7 subject to the provisions of the banking law (including savings banks, savings and loan
 8 associations, trust companies, banking corporations); the commissioner~~executive~~
 9 ~~director~~ of the Department~~Office~~ of Financial Institutions as conservator, liquidator or
 10 rehabilitator of any such person, partnership or corporation; persons, partnerships or
 11 corporations organized under or subject to the provisions of the insurance law; fraternal
 12 benefit societies; and the commissioner~~executive director~~ of the Department~~Office~~ of
 13 Insurance as conservator, liquidator or rehabilitator of any such person, partnership or
 14 corporation.

15 ➔Section 86. KRS 99A.030 is amended to read as follows:

16 (1) Prior to or concurrent with the establishment of a neighborhood redevelopment
 17 zone, the legislative body of the local government shall adopt by ordinance the
 18 BOCA Basic Property Maintenance Code as drafted by the Building Officials and
 19 Codes Administrators International, Inc., and the Kentucky Building Code which
 20 shall be applicable to all residential buildings within the neighborhood
 21 redevelopment zone. The local government shall delegate responsibility for
 22 enforcement to the local agency responsible for local enforcement of the state
 23 building code, or such other agency deemed best qualified to carry out the
 24 responsibilities under this chapter.

25 (2) Variances from provisions of the Kentucky Building Code may be granted in
 26 specific cases pursuant to the provisions of this subsection.

27 (a) If a submitted plan for rehabilitation of a residential building is disapproved

by the local enforcement agency for nonconformity with the building code, the owner or his agent may, in writing, apply to the Department{Office} of Housing, Buildings and Construction for a variance from the building code with respect to such plans. In making the determination to approve or disapprove the application for variance, the department{office} shall consider:

1. The architectural and historical significance of the structure;
2. The health, safety, and welfare of the public;
3. The costs of complying with the standards;
4. The ability of the applicant to proceed with the project if the variance is not granted; and
5. The significance to the neighborhood of the project.

The department{office} may impose a reasonable fee for the evaluation of a requested variance.

(b) The Department{Office} of Housing, Buildings and Construction shall respond in writing within twenty (20) working days of the application, and such response shall be binding upon the local enforcement agency. Appeals from the determination of the Department{Office} of Housing, Buildings and Construction may be taken to the board of appeals.

(c) The Department{Office} of Housing, Buildings and Construction shall maintain a central file of all such determinations, making them available upon request, to all interested parties, and using them as precedent for other cases.

(d) The Kentucky Department{Office} of Housing, Buildings and Construction, the Kentucky State Historic Preservation Office, and the Kentucky Housing Corporation are authorized to establish a joint task force to identify and recommend changes in the state building code as it applies to the rehabilitation of existing housing.

(3) The United States Secretary of the Interior's standards of rehabilitation shall apply

1 to the rehabilitation of the exterior of any housing listed individually on the
 2 National Register of Historic Places or located in an historic district listed on the
 3 National Register of Historic Places.

4 ➔Section 87. KRS 99A.060 is amended to read as follows:

5 (1) The commissioner~~[executive director]~~ of the Department~~[Office]~~ of Insurance shall
 6 approve the issuance of special endorsements on policies of mortgage guaranty
 7 insurance by an insurer pursuant to this section. The commissioner~~[executive~~
 8 ~~director]~~ of the Department~~[Office]~~ of Insurance within ten (10) days of approval
 9 shall notify the executive director of the Kentucky Housing Corporation of the name
 10 of the insurer.

11 (2) No insurer shall be authorized to issue special endorsements except upon
 12 submission of an application to and approval of such application by the
 13 commissioner~~[executive director]~~ of the Department~~[Office]~~ of Insurance. In
 14 granting such applications the commissioner~~[executive director]~~ of the
 15 Department~~[Office]~~ of Insurance shall consider:

16 (a) The financial condition of the insurer;

17 (b) The percentage of defaulted loans insured by the insurer within the past five
 18 (5) years; and

19 (c) Such other standards as prescribed by the commissioner~~[executive director]~~ of
 20 the Department~~[Office]~~ of Insurance.

21 (3) Upon approval by the commissioner~~[executive director]~~ of the Department~~[Office]~~
 22 of Insurance, the insurer may issue special endorsements on policies of mortgage
 23 guaranty insurance covering that portion of a mortgage or rehabilitation loan which
 24 exceeds ninety percent (90%) but is less than one hundred and twenty-five percent
 25 (125%) of the appraised value of the residential building and the property on which
 26 it is located after completion of the rehabilitation.

27 (4) An insurer shall issue a special endorsement only upon certification by the

1 mortgagee that:

2 (a) The residential property subject to the mortgage or rehabilitation loan is
3 located within the boundaries of a neighborhood development zone
4 established pursuant to KRS 99A.020;

5 (b) The mortgagor is unable to secure the necessary funds for rehabilitation upon
6 reasonable terms and conditions without the guaranty provided by the special
7 endorsement;

8 (c) The loan is an acceptable risk, taking into consideration the need for the
9 rehabilitation, the security for the loan or loans, and the ability of the
10 mortgagor to repay the mortgage or rehabilitation loan; and

11 (d) The mortgage or rehabilitation loan transaction complies with such other
12 terms, conditions and restrictions as may be prescribed by the executive
13 director of the Kentucky Housing Corporation.

14 (5) Each mortgagee who holds a mortgage covered by a policy of mortgage guaranty
15 insurance with a special endorsement pursuant to this section shall submit a
16 quarterly report to the executive director of the Kentucky Housing Corporation
17 listing each mortgage or rehabilitation loan covered by such special endorsement
18 and the status of such mortgage or rehabilitation loan.

19 (6) The commissioner~~[executive director]~~ of the Department~~[Office]~~ of Insurance in
20 his discretion or when requested by the executive director of the Kentucky Housing
21 Corporation as needed to protect the mortgage guaranty fund may withdraw the
22 approval to an insurer to issue special endorsements on policies of mortgage
23 guaranty insurance.

24 (7) Any insurer subject to approval by the commissioner~~[executive director]~~ of the
25 Department~~[Office]~~ of Insurance may charge a premium for the special
26 endorsement issued pursuant to this section, of which sixty-six percent (66%) shall
27 be remitted to the executive director of the Kentucky Housing Corporation to be

1 used pursuant to KRS 99A.080.

2 ➔Section 88. KRS 104.450 is amended to read as follows:

3 As used in KRS 104.450 to 104.680, unless the context otherwise requires:

- 4 (1) "Secretary" means the secretary of the Energy and Environment~~Environmental~~
5 ~~and Public Protection~~ Cabinet of the Commonwealth of Kentucky.
- 6 (2) "Flood control work" means all land, pumping equipment, buildings, motor
7 vehicles, mowing machines, or any other fixtures, tools or equipment a part of or
8 used in connection with a floodwall or other construction designed to protect an
9 area from being flooded.
- 10 (3) "District" means a flood control district organized and created under the terms of
11 KRS 104.450 to 104.680.
- 12 (4) "Board" or "directors" means the board of directors of a flood control district
13 organized and created under the terms of KRS 104.450 to 104.680.
- 14 (5) "Director" means a person appointed as a member of the board of directors as
15 provided in KRS 104.450 to 104.680.
- 16 (6) "Person" means any person, firm, copartnership, association or corporation other
17 than a public corporation.
- 18 (7) "Public corporation" means any county, city, school district, water district or
19 drainage district, and any other governmental agency or political subdivision
20 clothed with the power of levying general or special taxes or issuing bonds payable
21 from special funds.
- 22 (8) "Land" or "property" means real property.

23 ➔Section 89. KRS 109.011 is amended to read as follows:

24 The General Assembly of the Commonwealth of Kentucky hereby finds, determines, and
25 declares, as follows:

- 26 (1) That an ever-increasing volume of solid waste both within and outside the
27 Commonwealth is being generated as a result of increasing economic and

1 commercial activity, continuing technological progress, and changes in methods of
2 manufacturing, packaging, and marketing of consumer products, which results in
3 additional solid wastes discarded by the users of these products;

4 (2) That the continued economic and population growth of the Commonwealth has
5 required increased industrial and commercial expansion and has made necessary the
6 demolition of obsolete structures, the construction of new structures, the provision
7 of highways and other avenues of transportation, and the construction and
8 installation of public works which, together with pre-existing commercial,
9 industrial, and agricultural operations, have resulted in the generation of further
10 volumes of solid waste;

11 (3) That the handling of solid wastes has been primarily carried out through the
12 dumping of wastes on open soil and in landfills, which in some cases are inimical to
13 the public health, safety, and welfare;

14 (4) That by the enactment by the Congress of the United States of the Resource
15 Conservation and Recovery Act of 1976 (Public Law 94-580), as amended, the
16 collection, sanitary disposal, and recovery of solid waste has been determined to be
17 a matter of nationwide importance, recognizing that the management of solid waste
18 should continue to be primarily the function of state, regional, and local agencies;
19 and that pursuant to this federal law, the Commonwealth has taken and will take
20 certain actions in respect to the planning and implementation of solid waste plans
21 within the guidelines of time requirements set forth in this federal law;

22 (5) That as a result of the conditions described in the foregoing findings, problems of
23 solid waste collection, management, and treatment, and resource recovery activities
24 in connection therewith have become a matter of statewide concern necessitating
25 action by the General Assembly to:

26 (a) Enable responsible planning and management agencies to be created to define
27 solid waste management requirements, with all of the foregoing subject to

1 regulation by the Energy and Environment~~Environmental and Public~~
 2 ~~Protection~~] Cabinet;

3 (b) Assist those units of government primarily responsible for the management of
 4 solid waste and the acquisition, financing and operation of facilities to dispose
 5 of solid waste to fulfill their functions in a responsible and proper manner
 6 with primary emphasis on the regionalization of these functions; and

7 (c) Reduce the amount of solid waste generated and disposed in Kentucky;

8 (6) That it is the intent of the General Assembly of the Commonwealth of Kentucky
 9 that the primary responsibility for adequate solid waste collection, management,
 10 treatment, disposal, and resource recovery shall rest with combinations of counties
 11 and waste management districts, subject to standards set by administrative
 12 regulations adopted by the Energy and Environment~~Environmental and Public~~
 13 ~~Protection~~] Cabinet. In those cities currently operating solid waste management
 14 systems, the city and county may assume joint responsibility of preparing a solid
 15 waste management plan. If it is in the best public interest to do so and with the
 16 mutual agreement of both the county and city, a county may delegate responsibility
 17 for adequate collection, management, treatment, disposal, or materials recovery to a
 18 city. This delegation of responsibility is contingent upon the approval of a solid
 19 waste management plan by the cabinet. The purpose of delegating responsibilities
 20 shall be to effectuate the safe and sanitary management, use, and handling of solid
 21 waste, the protection of the health, welfare, and safety of the citizens and
 22 inhabitants of the Commonwealth, and for making the most efficient use of all
 23 resources for the benefit of the citizens and inhabitants of the Commonwealth;

24 (7) That the General Assembly recognizes the generation of solid waste is inevitable,
 25 but much of it is unnecessary and should be discouraged. However, where solid
 26 waste does exist, it should be considered to the extent possible as a valuable
 27 resource, and be made use of wherever and whenever desirable and economically

1 justifiable. Therefore, it shall be the policy of the Commonwealth to, above all
2 things, encourage resource conservation and preservation of our natural resources
3 before waste contributes in a needless fashion to the volumes of solid waste and
4 litter produced by our society; but in dealing with existing solid waste, materials
5 recovery from the solid waste stream is deemed to be the most environmentally
6 sound alternative for handling waste;

7 (8) It is not the intent of this chapter to prohibit or discourage the participation of the
8 private sector in any aspect of solid waste management. Moreover, it is preferable
9 for solid waste management functions to be performed by the private sector when it
10 is in the best interests of the public and conforms with the policies and provisions in
11 this chapter;

12 (9) It is the intent of the General Assembly that counties and waste management
13 districts cooperate to develop and implement the solid waste management plans
14 mandated by KRS Chapter 224 and the administrative regulations adopted by the
15 cabinet with the goal of regionalizing the management of solid waste;

16 (10) It is the intent of the General Assembly that waste requiring disposal in municipal
17 solid waste disposal facilities be reduced and that solid waste be managed in an
18 environmentally protective manner;

19 (11) Notwithstanding any provision of KRS Chapters 82, 83, and 94, it is the intent of
20 the General Assembly that this chapter and KRS 67.083(3)(o) provide counties with
21 authority to develop a solid waste management system for solid waste generated
22 within the geographical boundaries of the county, consistent with the provisions of
23 this chapter and KRS Chapter 224. It is further the intent of the General Assembly
24 that cities be authorized to finance, own, and operate solid waste management
25 systems with the consent of the county or by contract with the county, except that in
26 the event a county fails to submit a solid waste management plan pursuant to KRS
27 Chapter 224 cities may proceed to develop solid waste management systems

consistent with administrative regulations adopted by the cabinet pursuant to KRS Chapter 224. Cities that develop solid waste management facilities pursuant to this section shall have all the powers and restrictions set forth for counties in KRS 109.041, 109.056, and 109.059; and

- (12) It is the intent of the General Assembly that waste management districts which are formed and operated under this chapter shall comply with the standards set by administrative regulations adopted by the cabinet pursuant to KRS Chapter 224.

→Section 90. KRS 109.012 is amended to read as follows:

As used in this chapter unless the context requires otherwise:

(1) "Board of directors" or "board" means the governing body of a solid waste management district.

(2) "City" means an existing city of any class.

(3) "County" means the governing body of a county, including urban-county governments.

(4) "Cabinet" means the Energy and Environment~~[Environmental and Public Protection]~~ Cabinet.

(5) "Long-term contract" means a contract of sufficient duration to assure the viability of a resource recovery facility to the extent that such viability depends upon solid waste supply.

(6) "Recovered material" means those materials which have known current use, reuse, or recycling potential, which can be feasibly used, reused, or recycled, and which have been diverted or removed from the solid waste stream for sale, use, reuse, or recycling, whether or not requiring subsequent separation and processing, but does not include materials diverted or removed for purposes of energy recovery or combustion except refuse-derived fuel (RDF), which shall be credited as a recovered material in an amount equal to that percentage of the municipal solid waste received on a daily basis at the processing facility and processed into RDF;

1 but not to exceed fifteen percent (15%) of the total amount of the municipal solid
2 waste received at the processing facility on a daily basis.

3 (7) "Recovered material processing facility" means a facility engaged solely in the
4 storage, processing, and resale or reuse of recovered material but does not mean a
5 solid waste management facility if solid waste generated by a recovered material
6 processing facility is managed pursuant to KRS Chapter 224 and administrative
7 regulations adopted by the cabinet.

8 (8) "Person" means an individual, trust, firm, joint stock company, corporation
9 (including a government corporation), partnership, association, federal agency, state
10 agency, city, commission, political subdivision of the Commonwealth, or any
11 interstate body.

12 (9) "Solid waste" means any garbage, refuse, sludge, and other discarded material,
13 including solid, liquid, semisolid, or contained gaseous material resulting from
14 industrial, commercial, mining (excluding coal mining waste, coal mining by-
15 products, refuse and overburden), agricultural operations, and from community
16 activities, but does not include those materials including, but not limited to, sand,
17 soil, rock, gravel, or bridge debris extracted as part of a public road construction
18 project funded wholly or in part with state funds, recovered material, special wastes
19 as designated by KRS 224.50-760, solid or dissolved material in domestic sewage,
20 manure, crops, crop residue, or a combination thereof which are placed on the soil
21 for return to the soil as fertilizers or soil conditions, or solid or dissolved materials
22 in irrigation return flows or industrial discharges which are point sources subject to
23 permits under Section 402 of the Federal Water Pollution Control Act, as amended
24 (86 Stat. 880), or source, special nuclear, or by-product material as defined by the
25 Atomic Energy Act of 1954, as amended (68 Stat. 923).

26 (a) "Household solid waste" means solid waste, including garbage and trash
27 generated by single and multiple family residences, hotels, motels, bunk

1 houses, ranger stations, crew quarters, and recreational areas such as picnic
2 areas, parks, and camp grounds;

3 (b) "Commercial solid waste" means all types of solid waste generated by stores,
4 offices, restaurants, warehouses, and other service and nonmanufacturing
5 activities, excluding household and industrial solid waste;

6 (c) "Industrial solid waste" means solid waste generated by manufacturing or
7 industrial processes that is not a hazardous waste or a special waste as
8 designated by KRS 224.50-760, including, but not limited to, waste resulting
9 from the following manufacturing processes: electric power generation;
10 fertilizer or agricultural chemicals; food and related products or by-products;
11 inorganic chemicals; iron and steel manufacturing; leather and leather
12 products; nonferrous metals manufacturing/foundries; organic chemicals;
13 plastics and resins manufacturing; pulp and paper industry; rubber and
14 miscellaneous plastic products; stone, glass, clay, and concrete products;
15 textile manufacturing; transportation equipment; and water treatment; and

16 (d) "Municipal solid waste" means household solid waste and commercial solid
17 waste.

18 (10) "Solid waste management" means the administration of solid waste activities:
19 collection, storage, transportation, transfer, processing, treatment and disposal,
20 which shall be in accordance with a cabinet approved county or multicounty solid
21 waste management plan of the cabinet.

22 (11) "Solid waste management area" or "area" means any geographical area established
23 or, designated by the cabinet in accordance with the provisions of KRS Chapter
24 224.

25 (12) "Solid waste management facility" means any facility for collection, storage,
26 transportation, transfer, processing, treatment, or disposal of solid waste, whether
27 such facility is associated with facilities generating such wastes or otherwise, but

1 does not include a container located on property where solid waste is generated and
 2 which is used solely for the purpose of collection and temporary storage of that
 3 solid waste prior to off-site disposal, or a recovered material processing facility
 4 which is subject to regulation pursuant to the chapter for control of environmental
 5 impacts and to prevent any public nuisance.

6 (13) "Waste management district" means any county or group of counties electing to
 7 form under the provisions of KRS 109.115 and operate in conformance with the
 8 provisions of this chapter and with Section 4006 of the Resource Conservation and
 9 Recovery Act of 1976, as amended (P.L. 94-580).

10 ➔ Section 91. KRS 131.1815 is amended to read as follows:

11 (1) Whenever it is determined that a taxpayer, who holds a license under KRS Chapter
 12 243, is a delinquent taxpayer as defined in subsection (2) of this section, the
 13 department may, after giving notice as provided in subsection (3) of this section,
 14 submit the name of the taxpayer to the Department~~Office~~ of Alcoholic Beverage
 15 Control for revocation of any license issued under KRS Chapter 243.

16 (2) Any of the following situations shall be sufficient to cause a taxpayer to be
 17 classified as a "delinquent taxpayer" for purposes of this section:

18 (a) When a taxpayer has an overdue state tax liability arising directly or indirectly
 19 from the manufacture, sale, transportation, or distribution of alcoholic
 20 beverages, for which all protest and appeal rights granted by law have expired,
 21 and the taxpayer has been contacted by the department concerning the overdue
 22 tax liability. This does not include a taxpayer who is making current timely
 23 installment payments on the overdue tax liability under agreement with the
 24 department.

25 (b) When a taxpayer has not filed a required tax return as of ninety (90) days after
 26 the due date or after the extended due date, and the taxpayer has been
 27 contacted by the department concerning the delinquent return.

1 (c) When an owner, partner, or corporate officer of a proprietorship, partnership,
 2 or corporation holding a license under KRS Chapter 243 held a similar
 3 position in a business whose license was revoked as a "delinquent taxpayer,"
 4 and the tax liability remains unpaid as of ninety (90) days after the due date.

5 (3) At least twenty (20) days before submitting a taxpayer's name to the
 6 Department~~{Office}~~ of Alcoholic Beverage Control as provided in subsection (1) of
 7 this section, the department shall notify the taxpayer by certified mail that the action
 8 is to be taken. The notice shall state the reason for the action and shall set out the
 9 amount of any tax liability including any applicable penalties and interest and any
 10 other area of noncompliance that must be satisfied in order to prevent the
 11 submission of his name to the Department~~{Office}~~ of Alcoholic Beverage Control
 12 as a delinquent taxpayer.

13 ➔Section 92. KRS 131.190 is amended to read as follows:

14 (1) No present or former commissioner or employee of the Department of Revenue,
 15 present or former member of a county board of assessment appeals, present or
 16 former property valuation administrator or employee, present or former secretary or
 17 employee of the Finance and Administration Cabinet, former secretary or employee
 18 of the Revenue Cabinet, or any other person, shall intentionally and without
 19 authorization inspect or divulge any information acquired by him of the affairs of
 20 any person, or information regarding the tax schedules, returns, or reports required
 21 to be filed with the department or other proper officer, or any information produced
 22 by a hearing or investigation, insofar as the information may have to do with the
 23 affairs of the person's business. This prohibition does not extend to information
 24 required in prosecutions for making false reports or returns of property for taxation,
 25 or any other infraction of the tax laws, nor does it extend to any matter properly
 26 entered upon any assessment record, or in any way made a matter of public record,
 27 nor does it preclude furnishing any taxpayer or his properly authorized agent with

1 information respecting his own return. Further, this prohibition does not preclude
2 the commissioner or any employee of the Department of Revenue from testifying in
3 any court, or from introducing as evidence returns or reports filed with the
4 department, in an action for violation of state or federal tax laws or in any action
5 challenging state or federal tax laws. The commissioner or the commissioner's
6 designee may provide an owner of unmined coal, oil or gas reserves, and other
7 mineral or energy resources assessed under KRS 132.820(1), or owners of surface
8 land under which the unmined minerals lie, factual information about the owner's
9 property derived from third-party returns filed for that owner's property, under the
10 provisions of KRS 132.820(2), that is used to determine the owner's assessment.
11 This information shall be provided to the owner on a confidential basis, and the
12 owner shall be subject to the penalties provided in KRS 131.990(2). The third-party
13 filer shall be given prior notice of any disclosure of information to the owner that
14 was provided by the third-party filer.

15 (2) The commissioner shall make available any information for official use only and on
16 a confidential basis to the proper officer, agency, board or commission of this state,
17 any Kentucky county, any Kentucky city, any other state, or the federal government,
18 under reciprocal agreements whereby the department shall receive similar or useful
19 information in return.

20 (3) Statistics of tax-paid gasoline gallonage reported monthly to the Department of
21 Revenue under the gasoline excise tax law may be made public by the department.

22 (4) Access to and inspection of information received from the Internal Revenue Service
23 is for Department of Revenue use only, and is restricted to tax administration
24 purposes. Notwithstanding the provisions of this section to the contrary, information
25 received from the Internal Revenue Service shall not be made available to any other
26 agency of state government, or any county, city, or other state, and shall not be
27 inspected intentionally and without authorization by any present secretary or

1 employee of the Finance and Administration Cabinet, commissioner or employee of
2 the Department of Revenue, or any other person.

3 (5) Statistics of crude oil as reported to the Department of Revenue under the crude oil
4 excise tax requirements of KRS Chapter 137 and statistics of natural gas production
5 as reported to the Department of Revenue under the natural resources severance tax
6 requirements of KRS Chapter 143A may be made public by the department by
7 release to the Energy and Environment~~[Environmental and Public Protection]~~
8 Cabinet, Department for Natural Resources.

9 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
10 submissions for the 1989 tax year, the department may make public or divulge only
11 those portions of mine maps submitted by taxpayers to the department pursuant to
12 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
13 out parcel areas. These electronic maps shall not be relied upon to determine actual
14 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
15 required under KRS Chapters 350 and 352 shall not be construed to constitute land
16 surveying or boundary surveys as defined by KRS 322.010 and any administrative
17 regulations promulgated thereto.

18 (7) Notwithstanding any other provision of the Kentucky Revised Statutes, the
19 department may divulge to the applicable school districts on a confidential basis any
20 utility gross receipts license tax return information that is necessary to administer
21 the provisions of KRS 160.613 to 160.617.

22 ➔Section 93. KRS 131.310 is amended to read as follows:

23 There is hereby created an administrative review agency which shall be known as the
24 "Kentucky Board of Tax Appeals." *It is attached to the Public Protection Cabinet for*
25 *administrative purposes, except as provided in KRS 131.330.*

26 ➔Section 94. KRS 131.330 is amended to read as follows:

27 The Kentucky Board of Tax Appeals, subject to the provisions of KRS 18A.005 to

1 18A.185, shall appoint an executive director~~[a clerk]~~ of the Kentucky Board of Tax
 2 Appeals with the qualifications hereinafter prescribed, and such ~~[clerical]~~ assistance as
 3 authorized by the Public Protection~~[Finance and Administration]~~ Cabinet. The executive
 4 director~~[clerk]~~ of the Kentucky Board of Tax Appeals shall be a person holding a degree
 5 from an accredited college or university.

6 ➔ Section 95. KRS 131.990 is amended to read as follows:

7 (1) Any person who fails or refuses to obey a subpoena or order of the Kentucky Board
 8 of Tax Appeals made pursuant to KRS Chapter 13B shall be fined not less than
 9 twenty-five dollars (\$25) nor more than five hundred dollars (\$500).

10 (2) (a) Any person who violates the intentional unauthorized inspection provisions of
 11 KRS 131.190(1) shall be fined not more than five hundred dollars (\$500) or
 12 imprisoned for not more than six (6) months, or both.

13 (b) Any person who violates the provisions of KRS 131.190(1) by divulging
 14 confidential taxpayer information shall be fined not more than one thousand
 15 dollars (\$1,000) or imprisoned for not more than one (1) year, or both.

16 (c) Any person who violates the intentional unauthorized inspection provisions of
 17 KRS 131.190(4) shall be fined not more than one thousand dollars (\$1,000) or
 18 imprisoned for not more than one (1) year, or both.

19 (d) Any person who violates the provisions of KRS 131.190(4) by divulging
 20 confidential taxpayer information shall be fined not more than five thousand
 21 dollars (\$5,000) or imprisoned for not more than five (5) years, or both.

22 (e) Any present secretary or employee of the Finance and Administration Cabinet,
 23 commissioner or employee of the Department of Revenue, member of a
 24 county board of assessment appeals, property valuation administrator or
 25 employee, or any other person, who violates the provisions of KRS
 26 131.190(1) or (4) may, in addition to the penalties imposed under this
 27 subsection, be disqualified and removed from office or employment.

- 1 (3) Any person who willfully fails to comply with the rules and regulations
 2 promulgated by the Department of Revenue for the administration of delinquent tax
 3 collections shall be fined not less than twenty dollars (\$20) nor more than one
 4 thousand dollars (\$1,000).
- 5 (4) Any person who fails to do any act required or does any act forbidden by KRS
 6 131.210 shall be fined not less than ten dollars (\$10) nor more than five hundred
 7 dollars (\$500).
- 8 (5) Any person who fails to comply with the provisions of KRS 131.155 shall, unless it
 9 is shown to the satisfaction of the department that the failure is due to reasonable
 10 cause, pay a penalty of one-half of one percent (0.5%) of the amount that should
 11 have been remitted under the provisions of KRS 131.155 for each failure to comply.
- 12 (6) (a) Any person or financial institution that fails to comply with the provisions of
 13 KRS 131.672 and 131.674 within ninety (90) days after notification by the
 14 Department of Revenue shall, unless the failure is due to reasonable cause as
 15 defined in KRS 131.010, be fined not less than one thousand dollars (\$1,000)
 16 and no more than five thousand dollars (\$5,000) for each full month of
 17 noncompliance. The fine shall begin on the first day of the month beginning
 18 after the expiration of the ninety (90) days.
- 19 (b) Any financial institution that fails or refuses to comply with the provisions of
 20 KRS 131.672 and 131.674 within one hundred twenty (120) days after the
 21 notification by the Department of Revenue shall, unless the failure is due to
 22 reasonable cause as defined in KRS 131.010, forfeit its right to do business
 23 within the Commonwealth, unless and until the financial institution is in
 24 compliance. Upon notification by the Department of Revenue, the
 25 commissioner~~executive director~~ of the Department~~Office~~ of Financial
 26 Institutions shall, as applicable, revoke the authority of the financial institution
 27 or its agents to do business in the Commonwealth.

1 ➔Section 96. KRS 132.010 is amended to read as follows:

2 As used in this chapter, unless the context otherwise requires:

3 (1) "Department" means the Department of Revenue.

4 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax.

5 (3) "Real property" includes all lands within this state and improvements thereon.

6 (4) "Personal property" includes every species and character of property, tangible and
7 intangible, other than real property.

8 (5) "Resident" means any person who has taken up a place of abode within this state
9 with the intention of continuing to abide in this state; any person who has had his
10 actual or habitual place of abode in this state for the larger portion of the twelve
11 (12) months next preceding the date as of which an assessment is due to be made
12 shall be deemed to have intended to become a resident of this state.

13 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
14 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
15 applied to the current year's assessment of the property subject to taxation by a
16 taxing district, excluding new property and personal property, produces an amount
17 of revenue approximately equal to that produced in the preceding year from real
18 property. However, in no event shall the compensating tax rate be a rate which,
19 when applied to the total current year assessment of all classes of taxable property,
20 produces an amount of revenue less than was produced in the preceding year from
21 all classes of taxable property. For purposes of this subsection, "property subject to
22 taxation" means the total fair cash value of all property subject to full local rates,
23 less the total valuation exempted from taxation by the homestead exemption
24 provision of the Constitution and the difference between the fair cash value and
25 agricultural or horticultural value of agricultural or horticultural land.

26 (7) "Net assessment growth" means the difference between:

27 (a) The total valuation of property subject to taxation by the county, city, school

- 1 district, or special district in the preceding year, less the total valuation
 2 exempted from taxation by the homestead exemption provision of the
 3 Constitution in the current year over that exempted in the preceding year, and
 4 (b) The total valuation of property subject to taxation by the county, city, school
 5 district, or special district for the current year.
- 6 (8) "New property" means the net difference in taxable value between real property
 7 additions and deletions to the property tax roll for the current year. "Real property
 8 additions" shall mean:
- 9 (a) Property annexed or incorporated by a municipal corporation, or any other
 10 taxing jurisdiction; however, this definition shall not apply to property
 11 acquired through the merger or consolidation of school districts, or the
 12 transfer of property from one (1) school district to another;
- 13 (b) Property, the ownership of which has been transferred from a tax-exempt
 14 entity to a nontax-exempt entity;
- 15 (c) The value of improvements to existing nonresidential property;
- 16 (d) The value of new residential improvements to property;
- 17 (e) The value of improvements to existing residential property when the
 18 improvement increases the assessed value of the property by fifty percent
 19 (50%) or more;
- 20 (f) Property created by the subdivision of unimproved property, provided, that
 21 when such property is reclassified from farm to subdivision by the property
 22 valuation administrator, the value of such property as a farm shall be a
 23 deletion from that category;
- 24 (g) Property exempt from taxation, as an inducement for industrial or business
 25 use, at the expiration of its tax exempt status;
- 26 (h) Property, the tax rate of which will change, according to the provisions of
 27 KRS 82.085, to reflect additional urban services to be provided by the taxing

jurisdiction, provided, however, that such property shall be considered "real property additions" only in proportion to the additional urban services to be provided to the property over the urban services previously provided; and

(i) The value of improvements to real property previously under assessment moratorium.

"Real property deletions" shall be limited to the value of real property removed from, or reduced over the preceding year on, the property tax roll for the current year.

(9) "Agricultural land" means:

(a) Any tract of land, including all income-producing improvements, of at least ten (10) contiguous acres in area used for the production of livestock, livestock products, poultry, poultry products and/or the growing of tobacco and/or other crops including timber;

(b) Any tract of land, including all income-producing improvements, of at least five (5) contiguous acres in area commercially used for aquaculture; or

(c) Any tract of land devoted to and meeting the requirements and qualifications for payments pursuant to agriculture programs under an agreement with the state or federal government.

(10) "Horticultural land" means any tract of land, including all income-producing improvements, of at least five (5) contiguous acres in area commercially used for the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables, flowers, or ornamental plants.

(11) "Agricultural or horticultural value" means the use value of "agricultural or horticultural land" based upon income-producing capability and comparable sales of farmland purchased for farm purposes where the price is indicative of farm use value, excluding sales representing purchases for farm expansion, better accessibility, and other factors which inflate the purchase price beyond farm use

1 value, if any, considering the following factors as they affect a taxable unit:

- 2 (a) Relative percentages of tillable land, pasture land, and woodland;
- 3 (b) Degree of productivity of the soil;
- 4 (c) Risk of flooding;
- 5 (d) Improvements to and on the land that relate to the production of income;
- 6 (e) Row crop capability including allotted crops other than tobacco;
- 7 (f) Accessibility to all-weather roads and markets; and
- 8 (g) Factors which affect the general agricultural or horticultural economy, such
- 9 as: interest, price of farm products, cost of farm materials and supplies, labor,
- 10 or any economic factor which would affect net farm income.

11 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
12 value and the tax based on fair cash value.

13 (13) "Homestead" means real property maintained as the permanent residence of the
14 owner with all land and improvements adjoining and contiguous thereto including,
15 but not limited to, lawns, drives, flower or vegetable gardens, outbuildings, and all
16 other land connected thereto.

17 (14) "Residential unit" means all or that part of real property occupied as the permanent
18 residence of the owner.

19 (15) "Special benefits" are those which are provided by public works not financed
20 through the general tax levy but through special assessments against the benefited
21 property.

22 (16) "Mobile home" means a structure, transportable in one (1) or more sections, which
23 when erected on site measures eight (8) body feet or more in width and thirty-two
24 (32) body feet or more in length, and which is built on a permanent chassis and
25 designed to be used as a dwelling, with or without a permanent foundation, when
26 connected to the required utilities, and includes the plumbing, heating, air-
27 conditioning, and electrical systems contained therein. It may be used as a place of

1 residence, business, profession, or trade by the owner, lessee, or their assigns and
2 may consist of one (1) or more units that can be attached or joined together to
3 comprise an integral unit or condominium structure.

4 (17) "Recreational vehicle" means a vehicular type unit primarily designed as temporary
5 living quarters for recreational, camping, or travel use, which either has its own
6 motive power or is mounted on or drawn by another vehicle. The basic entities are:
7 travel trailer, camping trailer, truck camper, and motor home.

8 (a) Travel trailer: A vehicular unit, mounted on wheels, designed to provide
9 temporary living quarters for recreational, camping, or travel use, and of such
10 size or weight as not to require special highway movement permits when
11 drawn by a motorized vehicle, and with a living area of less than two hundred
12 twenty (220) square feet, excluding built-in equipment (such as wardrobes,
13 closets, cabinets, kitchen units or fixtures) and bath and toilet rooms.

14 (b) Camping trailer: A vehicular portable unit mounted on wheels and constructed
15 with collapsible partial side walls which fold for towing by another vehicle
16 and unfold at the camp site to provide temporary living quarters for
17 recreational, camping, or travel use.

18 (c) Truck camper: A portable unit constructed to provide temporary living
19 quarters for recreational, travel, or camping use, consisting of a roof, floor,
20 and sides, designed to be loaded onto and unloaded from the bed of a pick-up
21 truck.

22 (d) Motor home: A vehicular unit designed to provide temporary living quarters
23 for recreational, camping, or travel use built on or permanently attached to a
24 self-propelled motor vehicle chassis or on a chassis cab or van which is an
25 integral part of the completed vehicle.

26 (18) "Hazardous substances" shall have the meaning provided in KRS 224.01-400.

27 (19) "Pollutant or contaminant" shall have the meaning provided in KRS 224.01-400.

1 (20) "Release" shall have the meaning as provided in either or both KRS 224.01-400 and
 2 KRS 224.60-115.

3 (21) "Qualifying voluntary environmental remediation property" means real property
 4 subject to the provisions of KRS 224.01-400 and 224.01-405, or 224.60-135 where
 5 the *Energy and Environment*~~[Environmental and Public Protection]~~ Cabinet has
 6 made a determination that:

- 7 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
 8 petroleum products at the property occurred prior to the property owner's
 9 acquisition of the property;
- 10 (b) The property owner has made all appropriate inquiry into previous ownership
 11 and uses of the property in accordance with generally accepted practices prior
 12 to the acquisition of the property;
- 13 (c) The property owner or a responsible party has provided all legally required
 14 notices with respect to hazardous substances, pollutants, contaminants,
 15 petroleum, or petroleum products found at the property;
- 16 (d) The property owner is in compliance with all land use restrictions and does
 17 not impede the effectiveness or integrity of any institutional control;
- 18 (e) The property owner complied with any information request or administrative
 19 subpoena under KRS Chapter 224; and
- 20 (f) The property owner is not affiliated with any person who is potentially liable
 21 for the release of hazardous substances, pollutants, contaminants, petroleum,
 22 or petroleum products on the property pursuant to KRS 224.01-400, 224.01-
 23 405, or 224.60-135, through:
 - 24 1. Direct or indirect familial relationship;
 - 25 2. Any contractual, corporate, or financial relationship, excluding
 26 relationships created by instruments conveying or financing title or by
 27 contracts for sale of goods or services; or

1 3. Reorganization of a business entity that was potentially liable.

2 (22) "Intangible personal property" means stocks, mutual funds, money market funds,
3 bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits,
4 patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred
5 compensation, retirement plans, and any other type of personal property that is not
6 tangible personal property.

7 ➔Section 97. KRS 132.020 is amended to read as follows:

8 (1) The owner or person assessed shall pay an annual ad valorem tax for state purposes
9 at the rate of:

10 (a) Thirty-one and one-half cents (\$0.315) upon each one hundred dollars (\$100)
11 of value of all real property directed to be assessed for taxation;

12 (b) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
13 value of all privately-owned leasehold interests in industrial buildings, as
14 defined under KRS 103.200, owned and financed by a tax-exempt
15 governmental unit, or tax-exempt statutory authority under the provisions of
16 KRS Chapter 103, upon the prior approval of the Kentucky Economic
17 Development Finance Authority, except that the rate shall not apply to the
18 proportion of value of the leasehold interest created through any private
19 financing;

20 (c) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
21 value of all qualifying voluntary environmental remediation property,
22 provided the property owner has corrected the effect of all known releases of
23 hazardous substances, pollutants, contaminants, petroleum, or petroleum
24 products located on the property consistent with a corrective action plan
25 approved by the Energy and Environment~~Environmental and Public~~
26 ~~Protection~~] Cabinet pursuant to KRS 224.01-400, 224.01-405, or 224.60-135,
27 and provided the cleanup was not financed through a public grant or the

1 petroleum storage tank environmental assurance fund. This rate shall apply for
 2 a period of three (3) years following the Energy and
 3 Environment~~[Environmental and Public Protection]~~ Cabinet's issuance of a
 4 No Further Action Letter or its equivalent, after which the regular tax rate
 5 shall apply;

6 (d) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
 7 value of all tobacco directed to be assessed for taxation;

8 (e) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
 9 value of unmanufactured agricultural products;

10 (f) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
 11 of all farm implements and farm machinery owned by or leased to a person
 12 actually engaged in farming and used in his farm operations;

13 (g) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
 14 of all livestock and domestic fowl;

15 (h) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
 16 of all tangible personal property located in a foreign trade zone established
 17 pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in
 18 accordance with the regulations of the United States Customs Service and the
 19 Foreign Trade Zones Board;

20 (i) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
 21 machinery actually engaged in manufacturing;

22 (j) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
 23 commercial radio, television, and telephonic equipment directly used or
 24 associated with electronic equipment which broadcasts electronic signals to an
 25 antenna;

26 (k) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
 27 property which has been certified as a pollution control facility as defined in

- 1 KRS 224.01-300;
- 2 (l) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
- 3 of all property which has been certified as an alcohol production facility as
- 4 defined in KRS 247.910, or as a fluidized bed energy production facility as
- 5 defined in KRS 211.390;
- 6 (m) Twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of
- 7 motor vehicles qualifying for permanent registration as historic motor vehicles
- 8 under the provisions of KRS 186.043;
- 9 (n) Five cents (\$0.05) upon each one hundred dollars (\$100) of value of goods
- 10 held for sale in the regular course of business, which includes machinery and
- 11 equipment held in a retailer's inventory for sale or lease originating under a
- 12 floor plan financing arrangement; and raw materials, which includes distilled
- 13 spirits and distilled spirits inventory, and in-process materials, which includes
- 14 distilled spirits and distilled spirits inventory, held for incorporation in
- 15 finished goods held for sale in the regular course of business;
- 16 (o) Ten cents (\$0.10) per one hundred dollars (\$100) of assessed value on the
- 17 operating property of railroads or railway companies that operate solely within
- 18 the Commonwealth;
- 19 (p) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
- 20 value on aircraft not used in the business of transporting persons or property
- 21 for compensation or hire;
- 22 (q) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
- 23 value on federally documented vessels not used in the business of transporting
- 24 persons or property for compensation or hire, or for other commercial
- 25 purposes; and
- 26 (r) Forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value of all
- 27 other property directed to be assessed for taxation shall be paid by the owner

1 or person assessed, except as provided in KRS 132.030, 132.200, 136.300,
2 and 136.320, providing a different tax rate for particular property.

3 (2) Notwithstanding subsection (1)(a) of this section, the state tax rate on real property
4 shall be reduced to compensate for any increase in the aggregate assessed value of
5 real property to the extent that the increase exceeds the preceding year's assessment
6 by more than four percent (4%), excluding:

7 (a) The assessment of new property as defined in KRS 132.010(8);

8 (b) The assessment from property which is subject to tax increment financing
9 pursuant to KRS Chapter 65; and

10 (c) The assessment from leasehold property which is owned and financed by a
11 tax-exempt governmental unit, or tax-exempt statutory authority under the
12 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
13 one-half cents (\$0.015) pursuant to subsection (1)(b) of this section. In any
14 year in which the aggregate assessed value of real property is less than the
15 preceding year, the state rate shall be increased to the extent necessary to
16 produce the approximate amount of revenue that was produced in the
17 preceding year from real property.

18 (3) By July 1 each year, the department shall compute the state tax rate applicable to
19 real property for the current year in accordance with the provisions of subsection (2)
20 of this section and certify the rate to the county clerks for their use in preparing the
21 tax bills. If the assessments for all counties have not been certified by July 1, the
22 department shall, when either real property assessments of at least seventy-five
23 percent (75%) of the total number of counties of the Commonwealth have been
24 determined to be acceptable by the department, or when the number of counties
25 having at least seventy-five percent (75%) of the total real property assessment for
26 the previous year have been determined to be acceptable by the department, make
27 an estimate of the real property assessments of the uncertified counties and compute

1 the state tax rate.

2 (4) If the tax rate set by the department as provided in subsection (2) of this section
3 produces more than a four percent (4%) increase in real property tax revenues,
4 excluding:

5 (a) The revenue resulting from new property as defined in KRS 132.010(8);

6 (b) The revenue from property which is subject to tax increment financing
7 pursuant to KRS Chapter 65; and

8 (c) The revenue from leasehold property which is owned and financed by a tax-
9 exempt governmental unit, or tax-exempt statutory authority under the
10 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
11 one-half cents (\$0.015) pursuant to subsection (1) of this section;

12 the rate shall be adjusted in the succeeding year so that the cumulative total of each
13 year's property tax revenue increase shall not exceed four percent (4%) per year.

14 (5) The provisions of subsection (2) of this section notwithstanding, the assessed value
15 of unmined coal certified by the department after July 1, 1994, shall not be included
16 with the assessed value of other real property in determining the state real property
17 tax rate. All omitted unmined coal assessments made after July 1, 1994, shall also
18 be excluded from the provisions of subsection (2) of this section. The calculated
19 rate shall, however, be applied to unmined coal property, and the state revenue shall
20 be devoted to the program described in KRS 146.550 to 146.570, except that four
21 hundred thousand dollars (\$400,000) of the state revenue shall be paid annually to
22 the State Treasury and credited to the Department for Energy Development and
23 Independence~~[Office of Energy Policy]~~ for the purpose of public education of coal-
24 related issues.

25 ➔Section 98. KRS 132.200 is amended to read as follows:

26 All property subject to taxation for state purposes shall also be subject to taxation in the
27 county, city, school, or other taxing district in which it has a taxable situs, except the class

1 of property described in KRS 132.030 and the following classes of property, which shall
 2 be subject to taxation for state purposes only:

3 (1) Farm implements and farm machinery owned by or leased to a person actually
 4 engaged in farming and used in his farm operation;

5 (2) Livestock, ratite birds, and domestic fowl;

6 (3) Capital stock of savings and loan associations;

7 (4) Machinery actually engaged in manufacturing, products in the course of
 8 manufacture, and raw material actually on hand at the plant for the purpose of
 9 manufacture. The printing, publication, and distribution of a newspaper or operating
 10 a job printing plant shall be deemed to be manufacturing;

11 (5) (a) Commercial radio, television, and telephonic equipment used to receive,
 12 capture, produce, edit, enhance, modify, process, store, convey, or transmit
 13 audio or video content or electronic signals which are broadcast over the air;

14 (b) Equipment directly used or associated with the equipment identified in
 15 paragraph (a) of this subsection, including radio and television towers used to
 16 transmit or facilitate the transmission of the signal broadcast, but excluding
 17 telephone and cellular communications towers; and

18 (c) Equipment used to gather or transmit weather information;

19 (6) Unmanufactured agricultural products. They shall be exempt from taxation for state
 20 purposes to the extent of the value, or amount, of any unpaid nonrecourse loans
 21 thereon granted by the United States government or any agency thereof, and except
 22 that cities and counties may each impose an ad valorem tax of not exceeding one
 23 and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash
 24 value of all unmanufactured tobacco and not exceeding four and one-half cents
 25 (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other
 26 unmanufactured agricultural products, subject to taxation within their limits that are
 27 not actually on hand at the plants of manufacturing concerns for the purpose of

- 1 manufacture, nor in the hands of the producer or any agent of the producer to whom
2 the products have been conveyed or assigned for the purpose of sale;
- 3 (7) All privately owned leasehold interest in industrial buildings, as defined under KRS
4 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt
5 statutory authority under the provisions of KRS Chapter 103, except that the rate
6 shall not apply to the proportion of value of the leasehold interest created through
7 any private financing;
- 8 (8) Property which has been certified as a pollution control facility as defined in KRS
9 224.01-300;
- 10 (9) Property which has been certified as an alcohol production facility as defined in
11 KRS 247.910;
- 12 (10) On and after January 1, 1977, the assessed value of unmined coal shall be included
13 in the formula contained in KRS 132.590(9) in determining the amount of county
14 appropriation to the office of the property valuation administrator;
- 15 (11) Tangible personal property located in a foreign trade zone established pursuant to
16 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the
17 regulations of the United States Customs Service and the Foreign Trade Zones
18 Board;
- 19 (12) Motor vehicles qualifying for permanent registration as historic motor vehicles
20 under the provisions of KRS 186.043. However, nothing herein shall be construed
21 to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- 22 (13) Property which has been certified as a fluidized bed energy production facility as
23 defined in KRS 211.390;
- 24 (14) All motor vehicles held for sale in the inventory of a licensed motor vehicle dealer,
25 which are not currently titled and registered in Kentucky and are held on an
26 assignment pursuant to the provisions of KRS 186A.230, and all motor vehicles
27 with a salvage title held by an insurance company;

- 1 (15) Machinery or equipment owned by a business, industry, or organization in order to
2 collect, source separate, compress, bale, shred, or otherwise handle waste materials
3 if the machinery or equipment is primarily used for recycling purposes as defined in
4 KRS 139.010;
- 5 (16) New farm machinery and other equipment held in the retailer's inventory for sale
6 under a floor plan financing arrangement by a retailer, as defined under KRS
7 139.010;
- 8 (17) New boats and new marine equipment held for retail sale under a floor plan
9 financing arrangement by a dealer registered under KRS 235.220;
- 10 (18) Aircraft not used in the business of transporting persons or property for
11 compensation or hire if an exemption is approved by the county, city, school, or
12 other taxing district in which the aircraft has its taxable situs;
- 13 (19) Federally documented vessels not used in the business of transporting persons or
14 property for compensation or hire or for other commercial purposes, if an
15 exemption is approved by the county, city, school, or other taxing district in which
16 the federally documented vessel has its taxable situs;
- 17 (20) Any nonferrous metal that conforms to the quality, shape, and weight specifications
18 set by the New York Mercantile Exchange's special contract rules for metals, and
19 which is located or stored in a commodity warehouse and held on warrant, or for
20 which a written request has been made to a commodity warehouse to place it on
21 warrant, according to the rules and regulations of a trading facility. In this
22 subsection:
- 23 (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or
24 other facility that has been designated or approved by a trading facility as a
25 regular delivery point for a commodity on contracts of sale for future delivery;
26 and
- 27 (b) "Trading facility" means a facility that is designated by or registered with the

1 federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et
 2 seq. "Trading facility" includes the Board of Trade of the City of Chicago, the
 3 Chicago Mercantile Exchange, and the New York Mercantile Exchange;

4 (21) Qualifying voluntary environmental remediation property for a period of three (3)
 5 years following the Energy and Environment~~Environmental and Public~~
 6 ~~Protection~~ Cabinet's issuance of a No Further Action Letter or its equivalent,
 7 pursuant to the correction of the effect of all known releases of hazardous
 8 substances, pollutants, contaminants, petroleum, or petroleum products located on
 9 the property consistent with a corrective action plan approved by the Energy and
 10 Environment~~Environmental and Public Protection~~ Cabinet pursuant to KRS
 11 224.01-400, 224.01-405, or 224.60-135, and provided the cleanup was not financed
 12 through a public grant program of the petroleum storage tank environmental
 13 assurance fund;

14 (22) Biotechnology products held in a warehouse for distribution by the manufacturer or
 15 by an affiliate of the manufacturer. For the purposes of this section:

16 (a) "Biotechnology products" means those products that are applicable to the
 17 prevention, treatment, or cure of a disease or condition of human beings and
 18 that are produced using living organisms, materials derived from living
 19 organisms, or cellular, subcellular, or molecular components of living
 20 organisms. Biotechnology products does not include pharmaceutical products
 21 which are produced from chemical compounds;

22 (b) "Warehouse" includes any establishment that is designed to house or store
 23 biotechnology products, but does not include blood banks, plasma centers, or
 24 other similar establishments; and

25 (c) "Affiliate" means an individual, partnership, or corporation that directly or
 26 indirectly owns or controls, or is owned or controlled by, or is under common
 27 ownership or control with, another individual, partnership, or corporation.

1 ➔Section 99. KRS 132.488 is amended to read as follows:

2 (1) The assessment of all motorboats as defined in KRS 235.010 shall be administered
3 in the same manner and according to the same procedures provided for motor
4 vehicles in KRS 132.487.

5 (2) The *Energy and Environment*~~[Environmental and Public Protection]~~ Cabinet shall
6 provide access to all records of motorboat registrations as necessary to prepare and
7 maintain a complete tax roll of motorboats throughout each year.

8 ➔Section 100. KRS 136.335 is amended to read as follows:

9 Beginning with calendar year 2000, every life insurance company incorporated under the
10 laws of and doing business in Kentucky shall make an irrevocable election whether to be
11 taxed under the provisions of KRS 136.320 or 136.330. For insurance companies
12 incorporated under the laws of and doing business in Kentucky, prior to January 1, 2000,
13 the election shall be filed with the *commissioner*~~[executive director]~~ of insurance and the
14 commissioner of the Department of Revenue on or before January 1, 2000. For insurance
15 companies applying for a certificate to do business in Kentucky as a domestic life
16 insurance company, after January 1, 2000, the election shall be filed with the company's
17 initial application for certificate of authority to do business in Kentucky.

18 ➔Section 101. KRS 136.392 is amended to read as follows:

19 (1) (a) Every domestic, foreign, or alien insurer, other than life and health insurers,
20 which is either subject to or exempted from Kentucky premium taxes as levied
21 pursuant to the provisions of either KRS 136.340, 136.350, 136.370, or
22 136.390, shall charge and collect a surcharge of one dollar and fifty cents
23 (\$1.50) upon each one hundred dollars (\$100) of premium, assessments, or
24 other charges, except for those municipal premium taxes, made by it for
25 insurance coverage provided to its policyholders, on risk located in this state,
26 whether the charges are designated as premiums, assessments, or otherwise.
27 The premium surcharge shall be collected by the insurer from its

1 policyholders at the same time and in the same manner that its premium or
2 other charge for the insurance coverage is collected. The premium surcharge
3 shall be disclosed to policyholders pursuant to administrative regulations
4 promulgated by the commissioner~~executive director~~ of insurance. However,
5 no insurer or its agent shall be entitled to any portion of any premium
6 surcharge as a fee or commission for its collection. On or before the twentieth
7 day of each month, each insurer shall report and remit to the Department of
8 Revenue, on forms as it may require, all premium surcharge moneys collected
9 by it during its preceding monthly accounting period less any moneys returned
10 to policyholders as applicable to the unearned portion of the premium on
11 policies terminated by either the insured or the insurer. Insurers with an annual
12 liability of less than one thousand dollars (\$1,000) for each of the previous
13 two (2) calendar years may report and remit to the Department of Revenue all
14 premium surcharge moneys collected on a calendar year basis on or before the
15 twentieth day of January of the following calendar year. The funds derived
16 from the premium surcharge shall be deposited in the State Treasury, and shall
17 constitute a fund allocated for the uses and purposes of the Firefighters
18 Foundation Program fund, KRS 95A.220 and 95A.262, and the Law
19 Enforcement Foundation Program fund, KRS 15.430.

- 20 (b) Effective July 1, 1992, the surcharge rate in paragraph (a) of this subsection
21 shall be adjusted by the commissioner of revenue to a rate calculated to
22 provide sufficient funds for the uses and purposes of the Firefighters
23 Foundation Program fund as prescribed by KRS 95A.220 and 95A.262 and
24 the Law Enforcement Foundation Program fund as prescribed by KRS 15.430
25 for each fiscal year. The rate shall be calculated using as its base the number
26 of local government units eligible for participation in the funds under
27 applicable statutes as of January 1, 1994. To allow the commissioner of

revenue to calculate an appropriate rate, the secretary of the ~~Environmental~~
~~and~~ Public Protection Cabinet and the secretary for the Justice and Public
 Safety Cabinet shall certify to the commissioner of revenue, no later than
 January 1 of each year, the estimated budgets for the respective funds
 specified above, including any surplus moneys in the funds, which shall be
 incorporated into the consideration of the adjusted rate for the next biennium.
 As soon as practical, the commissioner of revenue shall advise the
commissioner~~executive director~~ of insurance of the new rate and the
commissioner~~executive director~~ shall inform the affected insurers. The rate
 adjustment process shall continue on a biennial basis.

- (2) Within five (5) days after the end of each month, all insurance premium surcharge
 proceeds deposited in the State Treasury as set forth in this section shall be paid by
 the State Treasurer into the Firefighters Foundation Program fund trust and agency
 account and the Law Enforcement Foundation Program fund trust and agency
 account. The amount paid into each account shall be proportionate to each fund's
 respective share of the total deposits, pursuant to KRS 42.190. Moneys deposited to
 the Law Enforcement Foundation Program fund trust and agency account shall not
 be disbursed, expended, encumbered, or transferred by any state official for uses
 and purposes other than those prescribed by KRS 15.410 to 15.500, except that
 beginning with fiscal year 1994-95, through June 30, 1999, moneys remaining in
 the account at the end of the fiscal year in excess of three million dollars
 (\$3,000,000) shall lapse. On and after July 1, 1999, moneys in this account shall not
 lapse. Money deposited to the Firefighters Foundation Program fund trust and
 agency account shall not be disbursed, expended, encumbered, or transferred by any
 state official for uses and purposes other than those prescribed by KRS 95A.200 to
 95A.300, except that beginning with fiscal year 1994-95, through June 30, 1999,
 moneys remaining in the account at the end of the fiscal year in excess of three

1 million dollars (\$3,000,000) shall lapse, but moneys in the revolving loan fund
2 established in KRS 95A.262 shall not lapse. On and after July 1, 1999, moneys in
3 this account shall not lapse.

4 (3) Insurance premium surcharge funds collected from the policyholders of any
5 domestic mutual company, cooperative, or assessment fire insurance company shall
6 be deposited in the State Treasury, and shall be paid monthly by the State Treasurer
7 into the Firefighters Foundation Program fund trust and agency account as provided
8 in KRS 95A.220 to 95A.262. However, insurance premium surcharge funds
9 collected from policyholders of any mutual company, cooperative, or assessment
10 fire insurance company which transfers its corporate domicile to this state from
11 another state after July 15, 1994, shall continue to be paid into the Firefighters
12 Foundation Program fund and the Law Enforcement Foundation Program fund as
13 prescribed.

14 (4) No later than July 1 of each year, the Department~~[Office]~~ of Insurance shall provide
15 the Department of Revenue with a list of all Kentucky-licensed property and
16 casualty insurers and the amount of premium volume collected by the insurer for the
17 preceding calendar year as set forth on the annual statement of the insurer. No later
18 than September 1 of each year, the Department of Revenue shall calculate an
19 estimate of the premium surcharge due from each insurer subject to the insurance
20 premium surcharge imposed pursuant to this section, based upon the surcharge rate
21 imposed pursuant to this section and the amount of the premium volume for each
22 insurer as reported by the Department~~[Office]~~ of Insurance. The Department of
23 Revenue shall compare the results of this estimate with the premium surcharge paid
24 by each insurer during the preceding year and shall provide the Legislative Research
25 Commission, the Commission on Fire Protection Personnel Standards and
26 Education, the Kentucky Law Enforcement Council, and the Department~~[Office]~~ of
27 Insurance with a report detailing its findings on a cumulative basis. In accordance

1 with KRS 131.190, the Department of Revenue shall not identify or divulge the
2 confidential tax information of any individual insurer in this report.

3 (5) The insurance premiums surcharge provided in this section shall not apply to
4 premiums collected from the following:

5 (a) The federal government;

6 (b) Resident educational and charitable institutions qualifying under Section
7 501(c)(3) of the Internal Revenue Code;

8 (c) Resident nonprofit religious institutions for real, tangible, and intangible
9 property coverage only;

10 (d) State government for coverage of real property; or

11 (e) Local governments for coverage of real property.

12 ➔Section 102. KRS 136.990 is amended to read as follows:

13 (1) Any corporation that fails to pay its taxes, penalty, and interest as provided in
14 subsection (2) of KRS 136.050, after becoming delinquent, shall be fined fifty
15 dollars (\$50) for each day the same remains unpaid, to be recovered by indictment
16 or civil action, of which the Franklin Circuit Court shall have jurisdiction.

17 (2) Any public service corporation, or officer thereof, that willfully fails or refuses to
18 make reports as required by KRS 136.130 and 136.140 shall be fined one thousand
19 dollars (\$1,000), and fifty dollars (\$50) for each day the reports are not made after
20 April 30 of each year.

21 (3) Any superintendent of schools or county clerk who fails to report as required by
22 KRS 136.190, or who makes a false report, shall be fined not less than fifty dollars
23 (\$50) nor more than one hundred dollars (\$100) for each offense.

24 (4) Any company or association that fails or refuses to return the statement or pay the
25 taxes required by KRS 136.330 or 136.340 shall be fined one thousand dollars
26 (\$1,000) for each offense.

27 (5) Any insurance company that fails or refuses for thirty (30) days to return the

statement required by KRS 136.330 or 136.340 and to pay the tax required by KRS 136.330 or 136.340, shall forfeit one hundred dollars (\$100) for each offense. The commissioner~~executive director~~ of insurance shall revoke the authority of the company or its agents to do business in this state, and shall publish the revocation pursuant to KRS Chapter 424.

(6) Any person who violates subsection (3) of KRS 136.390 shall be fined not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500) for each offense.

(7) Where no other penalty is mentioned for failing to do an act required, or for doing an act forbidden by this chapter, the penalty shall be not less than ten dollars (\$10) nor more than five hundred dollars (\$500).

(8) The Franklin Circuit Court shall have jurisdiction of all prosecutions under subsections (4) to (6) of this section.

(9) Any person who violates any of the provisions of KRS 136.073 or KRS 136.090 shall be subject to the uniform civil penalties imposed pursuant to KRS 131.180.

(10) If the tax imposed by KRS 136.070 or KRS 136.073, whether assessed by the department or the taxpayer, or any installment or portion of the tax, is not paid on or before the date prescribed for its payment, interest shall be collected upon the nonpaid amount at the tax interest rate as defined in KRS 131.010(6) from the date prescribed for its payment until payment is actually made to the department.

(11) Any provider who violates the provisions of KRS 136.616(3) shall be subject to a penalty of twenty-five dollars (\$25) per purchaser offense, not to exceed ten thousand dollars (\$10,000) per month.

➔Section 103. KRS 137.132 is amended to read as follows:

(1) As used in this section, "recovered inactive well" means a well that has been inactive for a consecutive two (2) year period or a well that has been plugged and abandoned, as determined by the Energy and Environment~~Environmental and~~

~~Public Protection~~ Cabinet, ~~[Division of Oil and Gas Conservation,]~~ and that resumes producing crude petroleum oil.

- (2) Every taxpayer engaged in the production of crude petroleum oil within this Commonwealth shall be allowed a credit against the tax imposed under KRS 137.120 equal to four and one-half percent (4.5%) of the market value of crude petroleum oil that is produced from a recovered inactive well.

➔ Section 104. KRS 137.170 is amended to read as follows:

- (1) Every person engaged in the business of conducting a race meeting at which live horse races are run for stakes, purses, or prizes, under the jurisdiction of the Kentucky Horse Racing Commission~~[Authority]~~, shall pay a tentative license tax to the state, as provided in subsection (2) of this section.

- (2) Any race track for any year commencing December 1 and ending the following November 30 for the days upon which races are actually conducted for any stake, purse, or prize, shall pay a license tax based on the average daily mutuel handle for the preceding year as follows:

Average Daily Mutuel Handle	License Tax
\$0 - \$25,000	\$ 0
\$25,000 - \$250,000	\$ 175
\$250,001 - \$450,000	\$ 500
\$450,001 - \$700,000	\$1,000
\$700,001 - \$800,000	\$1,500
\$800,001 - \$900,000	\$2,000
\$900,001 and above	\$2,500

- (3) As used in subsection (2) of this section the term "daily mutuel handle" shall mean the total gross amount of money bet or wagered by a race track's patrons by means of pari-mutuel, combination, or French pools on live races conducted by the track.

➔ Section 105. KRS 138.480 is amended to read as follows:

1 Except for the conduct of harness racing at a county fair, each person entering the
 2 grounds or enclosure of any race track at which a live race meeting is being conducted
 3 under the jurisdiction of the Kentucky Horse Racing Commission~~[Authority]~~, for the
 4 purpose of attending the races or for any other purpose connected therewith, shall pay a
 5 tax of fifteen cents (\$0.15) to the state, except as otherwise provided in this section. If
 6 tickets good for more than one (1) day are issued, the sum of fifteen cents (\$0.15) shall be
 7 paid by each person using such ticket on each day that it is used. No admission tax shall
 8 be collected from any of the employees of the race track, or any of the owners or trainers
 9 of horses, or jockeys, or their employees. The admission tax provided for in this section
 10 shall be collected by the race track from each person on entering the race track or
 11 enclosure on a paid or free admission. The race track shall account to and pay to the state
 12 the money so collected.

13 →Section 106. KRS 138.510 is amended to read as follows:

14 (1) (a) Except as provided in paragraphs (b) and (d) of this subsection, an excise tax
 15 is imposed on all tracks conducting pari-mutuel wagering on live racing under
 16 the jurisdiction of the commission~~[authority]~~.

17 1. For each track with a daily average live handle of one million two
 18 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
 19 amount of three and one-half percent (3.5%) of all money wagered on
 20 live races at the track during the fiscal year.

21 2. For each track with a daily average live handle under one million two
 22 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half
 23 percent (1.5%) of all money wagered on live races at the track during the
 24 fiscal year.

25 (b) 1. If:

26 a. A track located in this state is the host track for a live one (1) or
 27 two (2) day international horse racing event in 2010 that distributes

1 in excess of a total of fifteen million dollars (\$15,000,000) in
 2 purses during the international horse racing event; and

- 3 b. The organization responsible for selecting the location of the same
 4 international horse racing event in subsequent years contractually
 5 agrees to conduct the international horse racing event at a host
 6 track in this state in calendar year 2011 or 2012 or calendar years
 7 2011 and 2012;

8 then the excise tax imposed by paragraph (a) of this subsection shall not
 9 be imposed on pari-mutuel wagering on any live racing conducted
 10 during the one (1) or two (2) day international horse racing event held at
 11 a host track within this state in calendar years 2010 through 2012.

- 12 2. Beginning January 1, 2013, if the requirements of subparagraph 1. of
 13 this paragraph are satisfied, the tax exemption established by
 14 subparagraph 1. of this paragraph shall remain in effect for any
 15 succeeding one (1) or two (2) day international horse racing event if the
 16 event returns within three (3) years of a previously-held international
 17 horse racing event.

- 18 3. A minimum of five hundred thousand dollars (\$500,000) of the amount
 19 that would have been paid to the Commonwealth but for the exemption
 20 provided by this paragraph shall be used by the host track to fund
 21 undercard races during each international horse racing event.

- 22 (c) Money shall be deducted from the tax paid under paragraph (a) of this
 23 subsection and deposited as follows:

- 24 1. An amount equal to three-quarters of one percent (0.75%) of all money
 25 wagered on live races at the track for thoroughbred racing shall be
 26 deposited in the thoroughbred development fund established in KRS
 27 230.400;

- 1 2. An amount equal to one percent (1%) of all money wagered on live
2 races at the track for harness racing shall be deposited in the Kentucky
3 standardbred, quarter horse, Appaloosa, and Arabian development fund
4 established in KRS 230.770;
- 5 3. An amount equal to two-tenths of one percent (0.2%) of all money
6 wagered on live races at the track shall be deposited in the equine
7 industry program trust and revolving fund established by KRS 230.550
8 to support the Equine Industry Program at the University of Louisville;
- 9 4. a. An amount equal to one-tenth of one percent (0.1%) of all money
10 wagered on live races at the track shall be deposited in a trust and
11 revolving fund to be used for the construction, expansion, or
12 renovation of facilities or the purchase of equipment for equine
13 programs at state universities.
- 14 b. These funds shall not be used for salaries or for operating funds for
15 teaching, research, or administration. Funds allocated under this
16 subparagraph shall not replace other funds for capital purposes or
17 operation of equine programs at state universities.
- 18 c. The Kentucky Council on Postsecondary Education shall serve as
19 the administrative agent and shall establish an advisory committee
20 of interested parties, including all universities with established
21 equine programs, to evaluate proposals and make
22 recommendations for the awarding of funds.
- 23 d. The Kentucky Council on Postsecondary Education may
24 promulgate administrative regulations to establish procedures for
25 administering the program and criteria for evaluating and awarding
26 grants; and
- 27 5. An amount equal to one-tenth of one percent (0.1%) of all money

1 wagered on live races shall be distributed to the commission[authority]
2 to support equine drug testing as provided in KRS 230.265(3).

3 (d) The excise tax imposed by paragraph (a) of this subsection shall not apply to
4 pari-mutuel wagering on live harness racing at a county fair.

5 (2) (a) Except as provided in paragraphs (c) and (d) of this subsection, an excise tax
6 is imposed on:

- 7 1. All tracks conducting telephone account wagering;
- 8 2. All tracks participating as receiving tracks in intertrack wagering under
9 the jurisdiction of the commission[authority]; and
- 10 3. All tracks participating as receiving tracks displaying simulcasts and
11 conducting interstate wagering thereon.

12 (b) The tax shall be three percent (3%) of all money wagered on races as provided
13 in paragraph (a) of this subsection during the fiscal year.

14 (c) A noncontiguous track facility approved by the commission[authority] on or
15 after January 1, 1999, shall be exempt from the tax imposed under this
16 subsection, if the facility is established and operated by a licensed track which
17 has a total annual handle on live racing of two hundred fifty thousand dollars
18 (\$250,000) or less. The amount of money exempted under this paragraph shall
19 be retained by the noncontiguous track facility, KRS 230.3771 and 230.378
20 notwithstanding.

21 (d) A track located in this state shall be exempt from the excise tax imposed by
22 paragraph (b) of this subsection on wagers placed on all races conducted at a
23 one (1) or two (2) day international horse racing event if:

- 24 1. The international horse racing event is conducted at a host track in this
25 state; and
- 26 2. The host track is exempt from the excise tax during the international
27 horse racing event under subsection (1)(b) of this section.

(e) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:

1. An amount equal to two percent (2%) of the amount wagered shall be deposited as follows:

a. In the thoroughbred development fund established in KRS 230.400 if the host track is conducting a thoroughbred race meeting or the interstate wagering is conducted on a thoroughbred race meeting; or

b. In the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting;

2. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;

3. An amount equal to one-tenth of one percent (0.1%) of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)(c)4. of this section; and

4. An amount equal to one-tenth of one percent (0.1%) of the amount wagered shall be distributed to the commission~~[authority]~~ to support equine drug testing as provided in KRS 230.265(3).

(3) The taxes imposed by this section shall be paid, collected, and administered as provided in KRS 138.530.

→Section 107. KRS 138.511 is amended to read as follows:

1 As used in KRS 138.510 to 138.550:

- 2 (1) "Commission[Authority]" means the Kentucky Horse Racing
3 Commission[Authority];
- 4 (2) "Association" has the same meaning as in KRS 230.210;
- 5 (3) "Daily average live handle" means the total amount wagered at a track on live
6 racing and does not include money wagered:
 - 7 (a) At a receiving track;
 - 8 (b) At a simulcast facility;
 - 9 (c) On telephone account wagering;
 - 10 (d) Through advance deposit account wagering; or
 - 11 (e) At a track participating as a receiving track or simulcast facility displaying
12 simulcasts and conducting interstate wagering as permitted by KRS 230.3771
13 and 230.3773;
- 14 (4) "Department" means the Department of Revenue;
- 15 (5) "Fiscal year" means a time frame beginning 12:01 a.m. July 1, and ending 12
16 midnight June 30;
- 17 (6) "Host track" has the same meaning as in KRS 230.210;
- 18 (7) "Interstate wagering" has the same meaning as in KRS 230.210;
- 19 (8) "Intertrack wagering" has the same meaning as in KRS 230.210;
- 20 (9) "Receiving track" has the same meaning as in KRS 230.210;
- 21 (10) "Simulcast facility" has the same meaning as in KRS 230.210;
- 22 (11) "Telephone account wagering" has the same meaning as in KRS 230.210; and
- 23 (12) "Track" has the same meaning as in KRS 230.210.

24 ➔Section 108. KRS 138.530 is amended to read as follows:

- 25 (1) The department shall enforce the provisions of and collect the tax and penalties
26 imposed and other payments required by KRS 138.510 to 138.550, and in doing so
27 it shall have the general powers and duties granted it in KRS Chapters 131 and 135,

1 including the power to enforce, by an action in the Franklin Circuit Court, the
 2 collection of the tax, penalties and other payments imposed or required by KRS
 3 138.510 to 138.550.

4 (2) (a) The remittance of the taxes imposed by KRS 138.510 shall be made weekly to
 5 the department no later than the fifth business day, excluding Saturday and
 6 Sunday, following the close of each week of racing, during each race meeting
 7 and shall be accompanied by reports as prescribed by the department.

8 (b) All funds received by the department shall be paid into the State Treasury and
 9 shall be credited to the general expenditure fund.

10 (3) The supervisor of pari-mutuel betting appointed by the commission[authority] shall
 11 weekly, during each race meeting, report to the department the total amount bet or
 12 handled the preceding week and the amount of tax due the state thereon, under the
 13 provisions of KRS 138.510 to 138.550.

14 (4) The supervisor of pari-mutuel betting appointed by the commission[authority] or
 15 his or her duly authorized representatives shall, at all reasonable times, have access
 16 to all books, records, issuing or vending machines, adding machines, and all other
 17 pari-mutuel equipment for the purpose of examining and checking the same and
 18 ascertaining whether or not the proper amount or amounts due the state are being or
 19 have been paid.

20 (5) Every person, corporation, or association required to pay the tax imposed by KRS
 21 138.510 shall keep its books and records so as to clearly show by a separate record
 22 the total amount of money contributed to every pari-mutuel pool.

23 ➔Section 109. KRS 138.550 is amended to read as follows:

24 In addition to all other penalties provided in KRS 138.510 to 138.540, when the pari-
 25 mutuel system of betting is operated at a track licensed under KRS Chapter 230, said
 26 license may be suspended, revoked or renewal refused by the commission[authority]
 27 upon the failure of the operator to comply with KRS 138.510 to 138.540 or the rules and

1 regulations promulgated by the department pursuant thereto, even though the pari-mutuel
 2 system of betting and the track are operated by different persons, corporations, or
 3 associations.

4 ➔Section 110. KRS 140.100 is amended to read as follows:

5 (1) The Department~~[Office]~~ of Insurance, on the application of the Department of
 6 Revenue, shall determine, and certify in duplicate to the department, the value of
 7 any future or contingent estate, income or interest therein, limited, contingent,
 8 dependent or determinable upon the lives of persons in being, upon the facts
 9 contained in the application or other facts submitted by the department. No fee shall
 10 be charged by the Department of Insurance~~[division]~~ for this service. The
 11 certificate shall be competent evidence that the method of computation therein is
 12 correct.

13 (2) The value of every future, contingent or limited estate, income or interest for the
 14 purpose of this chapter shall be determined by the rules, methods and standards of
 15 mortality and of value prescribed by the appropriate United States life mortality
 16 tables for ascertaining the value of life estates, annuities and remainder interests
 17 except that the rate of interest assessed in computing the present value of all future
 18 interests and contingencies shall be four percent (4%) per annum.

19 (3) When an annuity or a life estate is terminated by the death of the annuitant or life
 20 tenant, and the tax upon such interest has not been fixed and determined, the value
 21 of the interest for the purpose of taxation shall be that amount of the annuity or
 22 income actually paid or payable to the annuitant or life tenant during the period for
 23 which the annuitant or life tenant was entitled to the annuity or was in possession of
 24 the life estate. The tax on such annuities and life interests shall be payable out of the
 25 corpus of the estate, unless otherwise provided under the terms of the will.

26 (4) Notwithstanding anything in this chapter to the contrary, the value of a surviving
 27 spouse's interest in a trust or life estate which was exempt from Kentucky